



Louisiana

**Single Audit Report
for the Year Ended
June 30, 1995**

**Daniel G. Kyle, Ph.D., CPA, CFE, CGFM
Legislative Auditor**

STATE OF LOUISIANA
Independent Auditor's Reports on Internal Control,
Compliance With State and Federal
Laws and Regulations, and
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

The Auditor's Report on the State of Louisiana's General Purpose Financial Statements dated December 21, 1995, has been issued under separate cover.

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. Also, the report is being transmitted to the Regional Inspector General for Audit, the U.S. Department of Education, the cognizant federal agency for the single audit of the State of Louisiana, and to each federal department or agency that provided federal financial assistance to the State of Louisiana during the year ended June 30, 1995.

March 18, 1996

STATE OF LOUISIANA
SINGLE AUDIT REPORT
For the Fiscal Year Ended June 30, 1995

CONTENTS

	Page No.
Executive Summary	i
Independent Auditor's Report on the Schedule of Federal Financial Assistance	1
Independent Auditor's Report on the Internal Control Structure Based on an Audit of the General Purpose Financial Statements	3
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	6
Independent Auditor's Report on Compliance Based on an Audit of the General Purpose Financial Statements	10
Independent Auditor's Report on Compliance With General Requirements Applicable to Federal Financial Assistance Programs	12
Independent Auditor's Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	14
Independent Auditor's Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	17
	Schedule Page No.
Schedules of Findings and Recommendations:	
Reportable Conditions in the Internal Control Structure	A 19
Reportable Conditions in the Internal Control Structure Applicable to Federal Financial Assistance Programs	B 65

STATE OF LOUISIANA
SINGLE AUDIT REPORT
Contents, June 30, 1995

CONTENTS (CONT'D)

	Schedule	Page No.
Schedules of Findings and Recommendations: (Cont'd)		
Noncompliance With Laws and Regulations	C	75
Noncompliance With General Requirements Applicable to Federal Financial Assistance Programs	D	101
Noncompliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	E	113
Noncompliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	F	136
Summary of Findings and Recommendations From Other External Audits	G	140
Schedule of Unresolved Prior Audit Findings	H	179
Appendix		
Schedule of Federal Financial Assistance and Notes to the Schedule of Federal Financial Assistance	A	
Management's Responses to the Findings and Recommendations	B	
Findings and Recommendations, Index by Agency	C	
Schedule of Federal Financial Assistance, Index by Agency	D	
Direct Federal Assistance, Index by Federal Agency	E	
Acknowledgments		

Executive Summary





To Members of the Legislature and Citizens of Louisiana

This report includes our 1995 reports on the State of Louisiana's internal control structure and its compliance with laws and regulations, which include federal requirements. The reports contain more than 200 matters that require the attention of state government.

This summary highlights some of the statewide issues that are major concerns. Of great importance is the state's aging accounting system. The current system's limitations greatly restrict the availability of information needed by agency managers, the governor, and the legislature. We hope the efforts to replace the state's accounting system will be completed in a timely manner and will result in an information system that meets the needs of those that direct the future of Louisiana.

We face many challenges and many difficult decisions, some of which have been delayed by past action. However, we will now have to face those matters in a decisive fashion. We are committed to provide accurate, timely, and relevant information to the legislature and the citizens of Louisiana.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

OUR MISSION

To Provide Legislative Oversight Relating to the Use of Public Funds Within Louisiana's State and Local Government.

OUR OBJECTIVES

- ◆ To provide the legislature and other public officials with accurate and relevant information for use in their decision-making process.
- ◆ To provide quality audit services for state and local governments.
- ◆ To evaluate the effectiveness, efficiency, and usefulness of state programs.
- ◆ To project a positive public image.
- ◆ To maintain a high degree of professionalism within the organization.
- ◆ To provide a satisfying and rewarding place to work.

STATEWIDE AREAS OF CONCERN

During the 1995 Single Audit, the state had several weaknesses in its control structure that warrant statewide concern. Such weaknesses have one or more of the following characteristics:

1. They exist at numerous departments throughout the state.
2. They arise from current statewide policies that do not satisfactorily address the state's needs.
3. They could have a significant fiscal impact on either the state as a whole or on a segment of the state.

INTERNAL AUDIT FUNCTION

For the thirteenth consecutive year, the State of Louisiana did not have an effective internal audit function for state government to examine, evaluate, and report on its internal control structure, including data processing, and to evaluate its compliance with the policies and procedures of the control system.

Although internal audit resources exist within some agencies, our study and evaluation of the state's internal control structure found that an effective internal audit function did not exist at twelve state agencies and one levee district. An effective internal audit function is needed to ensure that the state's assets are safeguarded and that state policies and procedures are uniformly applied.

MOVABLE PROPERTY RECORDS

The State of Louisiana did not ensure that all state agencies, hospitals, universities, and component units maintain adequate internal controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. The state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

Our audit of movable property records throughout the state disclosed that nine state agencies, four hospitals, one university, two regional management centers, one court, and four boards have not maintained an adequate movable property control system. In addition, there were four audits performed by other auditors that revealed inadequacies in movable property records.

ON-LINE DATA ENTRY SYSTEM

For the third consecutive year, the State of Louisiana did not have adequate internal control procedures in the On-Line Data Entry System (ODES) for the input of transactions into the Financial Accountability and Control System (FACS). Access to the system is restricted through the use of passwords and user ID codes; however, this access was not properly restricted to prevent the existence of incompatible functions. The ODES prints transaction reports that show the data entry code and approval code for transactions on the ODES to enable supervisors to search for improper access or entries. However, in several instances, these reports were not reviewed by supervisors to ensure that the security of the system had been maintained.

Our audit of the internal control structure relating to the ODES throughout the state disclosed that effective internal control procedures did not exist in two state agencies, two regional management centers, and two hospitals. Adequate segregation of duties is needed to ensure that no one employee is in a position to both initiate and conceal errors and/or irregularities.

CENTRALIZED COMPUTER ACCOUNTING SYSTEM

The state's centralized computer accounting system, the Financial Accountability and Control System (FACS), is not adequate for financial reporting in accordance with generally accepted accounting principles (GAAP). FACS is outdated in that it is approximately 22 years old, and it has not been adequately updated to reflect the current needs of financial reporting. For the sixth consecutive year, there are many inadequacies in the system that result in the need for agencies to maintain separate manual or automated side systems to perform certain functions that should be a part of the state's centralized system.

Because of the lack of a centralized, integrated accounting system that includes all functions and agencies, significant procedures external to FACS are required for the compilation of the state's general purpose financial statements. The timeliness of financial information on a GAAP basis is impaired, the risk of errors in the compilation of the financial statements is increased, and the number of man hours spent on compiling and auditing the state's financial statements is increased at both the state and agency level.

The Division of Administration is in the process of implementing a new statewide computer system known as the Integrated Statewide Information System (ISIS). However, the current design of ISIS will not resolve all of the deficiencies noted previously and will not include all agencies, universities, and component units reported in the state's financial statements.

MATERIAL FINDING
Department of Health and Hospitals
Provider Audits

For the second consecutive year, the Department of Health and Hospitals (DHH) has not established adequate internal controls to ensure that receivables and payables resulting from audits of providers participating in the Medical Assistance Program (CFDA 93.778, Medicaid) are recorded in the department's financial records and subsequently reported in the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana. In addition, DHH has not ensured that the federal share of provider overpayments has been reported and reimbursed to the Health Care Financing Administration (HCFA) within 60 days of the date of discovery as required by the Code of Federal Regulations [42 CFR 433.320(a)(2)].

Our review of the Medical Assistance Program disclosed the following:

- Failure to update and reconcile accounts resulted in a decrease in amounts due to 11 providers totaling \$24,011,717. The omission resulted in a decrease in amounts due from the federal government of \$21,860,312.
- Failure to reconcile these accounts also resulted in an increase in amounts due from 7 providers totaling \$11,127,006. The omission resulted in an increase in amounts due to the federal government of \$10,989,612.
- Had these omissions remained undetected, they would have caused receivables on the CAFR to be overstated by \$10,733,306 and payables to be overstated by \$13,022,105. After our review, proposed audit adjustments were accepted by the department and incorporated into the CAFR.
- Of the increase in amounts due from providers, we estimate that \$2,381,770 was 60 or more days old. The department did not include the federal share of these amounts, estimated at \$1,730,356, on the HCFA-64 expenditure report for June 30, 1995, as required by 42 CFR 433.320(a)(2).

Department of Education
Church-Based Tutorial Program

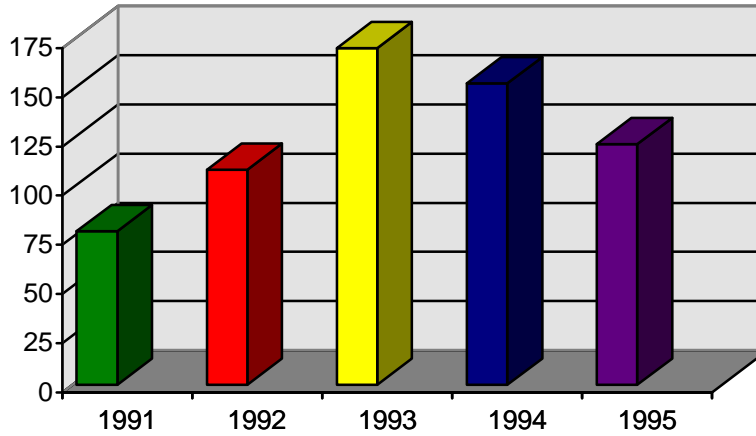
The Department of Education (DOE) did not comply with certain laws, regulations, and contract provisions that regulate the Child Care and Development Block Grant (CFDA 93.575). DOE obtained these funds from the U.S. Department of Health and Human Services through an interagency agreement with the Louisiana Department of Social Services (DSS). DOE then distributed these funds to churches and referral centers that sponsored tutorial programs for eligible students under professional services contracts.

Our tests of transactions for five churches and two referral centers revealed the following:

- DOE did not verify that the providers of tutorial services complied with all licensing and regulatory requirements applicable under state and local law. Based on information provided by DSS, only 13 of 127 churches were licensed and none were registered.
- The records at one referral center had no evidence of the verification of eligibility criteria for participating children.
- The professional services contracts with the five churches and two referral centers disclosed that program funds were budgeted for the purchase of materials for multi-cultural libraries, which violated the interagency agreement between DSS and DOE. Federal and state funds were expended at three churches and two referral centers for this purpose in the amounts of \$10,836 and \$10,044, respectively.
- Three churches and two referral centers entered into contractual agreements totaling \$34,000 (\$13,000 federal and \$21,000 state) with the same company to train tutors, which violated the interagency agreement. In addition, DOE entered into a contract with this same company to conduct regional training workshops and follow-up assessment at a cost of \$24,000. This appears to be a duplication of services.
- One of the churches purchased a multi-cultural library and computer equipment costing \$5,983 and \$8,342, respectively. However, this church did not have the contracted program in operation during the year ended June 30, 1995.
- Based on the interagency agreement and federal regulations, questioned expenditures of \$27,942 were discovered for the two referral centers tested.
- DOE did not establish any written guidelines governing the state-funded Church-Based Tutorial Program.
- DOE paid \$25,000 of state funds to provide a copy of a guide to train parents of the students enrolled in the program. However, we were unable to find evidence that the guide was distributed or whether training ever took place.

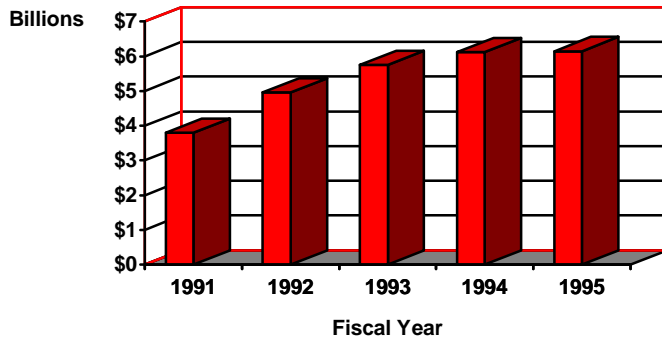
The department is not in compliance with certain federal and state laws and regulations and the interagency agreement with DSS. As a result, we question \$38,778 of federally funded expenditures in the two referral centers. In addition, the use of \$70,369 of state funds appears to be in violation of state laws, regulations, and/or contract provisions.

NUMBER OF FINDINGS PREPARED BY THE OFFICE OF THE LEGISLATIVE AUDITOR



TOTAL FEDERAL ASSISTANCE

Fiscal Year 1995 Total Federal Assistance \$6,144,527,938
(excluding loan programs)



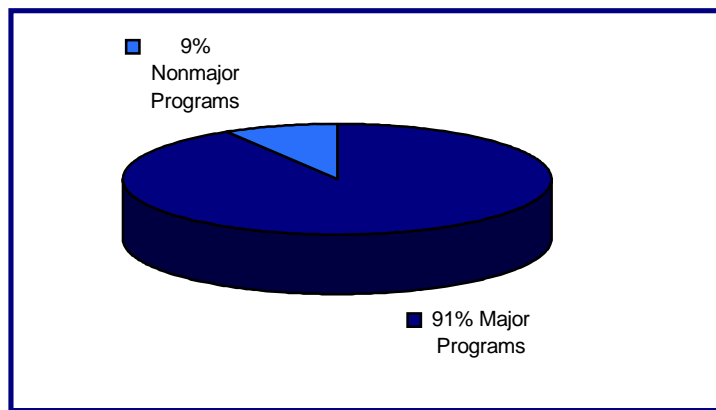
Over the past five years, the total amount of disbursements of federal financial assistance programs has increased approximately 62%.

Louisiana's ten largest federal programs disbursed over 83% of the state's total federal financial assistance.

MAJOR VS. NONMAJOR ASSISTANCE

(including loan programs)

Fiscal Year
1995



Audit Reports





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February 28, 1996

**Independent Auditor's Report on the
Schedule of Federal Financial Assistance**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995. These general purpose financial statements are the responsibility of management of the State of Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Certain portions of the statements and the related schedule of federal financial assistance accompanying this report were not audited by us, but were audited by other auditors; these include the federal financial assistance programs administered by Grambling State University, the Louisiana Educational Television Authority, the Louisiana Housing Finance Agency, the Morgan City Harbor and Terminal District, the Southern University System, and the West Jefferson Levee District. These federal financial assistance programs reflect total activity and the federal government's risk in their outstanding loan balances of \$71,006,984, which comprise approximately one percent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1995. Those schedules of federal financial assistance audited by the other auditors have been furnished to us, and our assurance, insofar as it relates to the amounts included for the above mentioned agencies and universities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the State of Louisiana taken as a whole. The accompanying Schedule of Federal Financial Assistance (Appendix A) is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dl

[OPINION1]



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**Independent Auditor's Report on the Internal Control Structure Based
on an Audit of the General Purpose Financial Statements**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995. We did not audit the financial statements of certain component units of the State of Louisiana. Those financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those component units, is based solely upon the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the State of Louisiana for the year ended June 30, 1995, we and other auditors obtained an understanding of the internal control structure. With respect to the internal control structure, we and other auditors obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters contained in Schedule A involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Also, our consideration and other auditors' consideration of the internal control structure disclosed the reportable conditions described in Schedules B (page 65), C (page 75), D (page 101), E (page 113), F (page 136), and G (page 140).

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the matters described in Schedule A pages 19 through 31 involving the internal control structure and its operation that we consider to be material weaknesses as described above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the State of Louisiana for the year ended June 30, 1995.

In connection with our audit, we reviewed the prior-year findings on the internal control structure to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

We noted other matters involving the internal control structure and its operation that we have reported to management of the various state agencies in separate management letters that are available upon request.

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Three

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dl

[OPINION2]



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February 28, 1996

**Independent Auditor's Report on the Internal Control Structure
Used in Administering Federal Financial Assistance Programs**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995. We have also audited the State of Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 28, 1996, which is based in part on the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the State of Louisiana complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program. We did not consider the internal control structure, including applicable internal administrative controls, used in administering federal financial assistance programs of Grambling State University, the Louisiana Educational Television Authority, the Louisiana Housing Finance Agency, the Morgan City Harbor and Terminal District, the Southern University System, and the West Jefferson Levee District. The schedules of federal financial assistance for those agencies and universities reflect total activity and the federal government's risk in their outstanding loan balances of \$71,006,984, which comprise approximately one percent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1995. Those internal control structures, including applicable internal administrative controls, were considered by other auditors whose reports have been furnished to us. Our report, insofar as it relates to the internal control structures used in administering federal financial assistance programs of the agencies and universities mentioned previously, is based solely upon the reports of the other auditors.

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

In planning and performing our audits for the year ended June 30, 1995, we and other auditors considered the internal control structure of the State of Louisiana in order to determine our auditing procedures for the purpose of expressing our opinions on the state's general purpose financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated February 28, 1996.

The governor and certain other statewide elected officials and their appointees (management) of the State of Louisiana are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

Purchases/disbursements	EDP activities
Fixed and movable property	Payables/encumbrances
Internal audit function	Debt management
Budgeting/budget reporting	Revenues/receipts
Financial reporting	Inter/intrafund transfers
Payroll/personnel	Treasury/investments
Inventory of materials and supplies	Claims/litigation

LEGISLATIVE AUDITOR

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA

February 28, 1996

Page Three

Grant Administration Controls

Relocation assistance and real property acquisition	Types of services
Cost sharing/allocation	Reporting
Matching/level of effort	Federal financial reports
Student file maintenance, fiscal procedures, and record keeping	Administrative requirements
Eligibility/participation	Monitoring subrecipients
Political activity	Coordination of student aid programs
Davis-Bacon Act	Institutional disbursements to award recipients
Civil rights	Refund calculation and overpayment procedures
Cash management	Drug-free workplace
Special requirements	Allowable costs/cost principles

For all of the internal control structure categories listed above, we and other auditors obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we and other auditors assessed control risk.

During the year ended June 30, 1995, the State of Louisiana expended 91 percent of its total federal financial assistance under major federal financial assistance programs.

We and other auditors performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the state's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We and other auditors noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment and other auditors' judgment, could adversely affect the state's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. We and other auditors noted the matters described in Schedule A (page 19), Schedule B (page 65), Schedule C (page 75), Schedule D (page 101), Schedule E (page 113), Schedule F (page 136), and Schedule G (page 146) that we consider to be reportable conditions.

LEGISLATIVE AUDITOR

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA

February 28, 1996

Page Four

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we and other auditors noted the matters listed on pages 19 through 31 in Schedule A involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the State of Louisiana's compliance with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1995, and this report does not affect our report thereon dated February 28, 1996.

In connection with our audit, we reviewed the prior-year findings on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

We noted other matters involving the internal control structure and its operation that we have reported to management of the various state agencies in separate management letters that are available upon request.

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dI
[OPINION3]



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February 28, 1996

Independent Auditor's Report on Compliance
Based on an Audit of the General Purpose Financial Statements

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995. We did not audit the financial statements of certain component units of the State of Louisiana. Those financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those component units, is based solely upon the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the State of Louisiana is the responsibility of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we and other auditors performed tests of the state's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests and those of other auditors disclosed instances of noncompliance described in Schedules A through G that are required to be reported herein under *Government Auditing Standards*. We considered these instances of noncompliance in forming our opinion on whether the State of Louisiana's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 21, 1995, on those financial statements.

In connection with our audit, we reviewed the prior-year findings of noncompliance with laws and regulations to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings,

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

We noted other matters involving compliance that we have reported to management of the various state agencies in separate management letters that are available upon request.

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dl

[OPINION4]



DANIEL G. KYLE, PH.D., CPA, CFE
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February 28, 1996

**Independent Auditor's Report on Compliance With General
Requirements Applicable to Federal Financial Assistance Programs**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995.

We have applied procedures to test the State of Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1995: allowable costs/cost principles, administrative requirements, civil rights, federal financial reports, Davis-Bacon Act, cash management, political activity, relocation assistance and real property acquisition, and drug-free workplace. We did not audit certain component units of the state, and we did not apply procedures to test compliance with the general requirements by Grambling State University, the Louisiana Educational Television Authority, the Louisiana Housing Finance Agency, the Morgan City Harbor and Terminal District, the Southern University System, and the West Jefferson Levee District. The schedules of federal financial assistance for those agencies and universities reflect total activity and the federal government's risk in their outstanding loan balances of \$71,006,984, which comprise approximately one percent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1995. Compliance with the requirements by the agencies and universities mentioned above were tested by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to above by the agencies and universities, is based solely upon the reports of the other auditors.

Our procedures were limited to the applicable procedures described in Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* and the U.S. Department of Education's *Student Financial Assistance Audit Guide*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the state's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State of Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in Schedule D (page 101) and Schedule G (page 156).

In connection with our audit, we reviewed the prior-year findings of noncompliance with the general requirements applicable to each federal financial assistance program to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dI

[OPINION5]



DANIEL G. KYLE, PH.D., CPA, CFE
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February 28, 1996

**Independent Auditor's Report on Compliance With Specific
Requirements Applicable to Major Federal Financial Assistance Programs**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995.

We have also audited the State of Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility/participation; matching, level of effort or earmarking; reporting; cost sharing/allocation; monitoring subrecipients; student file maintenance, fiscal procedures, and record keeping; institutional disbursements to award recipients; refund calculations and overpayment procedures; coordination of student aid programs; special requirements; claims for advances and reimbursements; amounts claimed or used for matching; and a variety of other specific requirements contained in Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments*, the U.S. Department of Education's *Student Financial Assistance Audit Guide*, various grant award agreements, and the *Catalog of Federal Domestic Assistance* that are applicable to each of the state's major federal financial assistance programs, which are identified in note N to the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1995. The governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) are responsible for the state's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit. We did not audit compliance with those requirements by Grambling State University, the Louisiana Educational Television Authority, the Louisiana Housing Finance Agency, the Morgan City Harbor and Terminal District, the Southern University System, and the West Jefferson Levee District. The schedules of federal financial assistance for those agencies and universities reflect total activity and the federal government's risk in their outstanding loan balances of \$71,006,984, which comprise approximately one percent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1995. Compliance with the requirements by the agencies and universities mentioned previously were tested by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to previously by those agencies and universities, is based solely upon the reports of the other auditors.

LEGISLATIVE AUDITOR

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA

February 28, 1996

Page Two

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to previously occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures and those of other auditors disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph of this report, which are described in Schedule E (page 113), Schedule A for the finding titled "Provider Audits" (page 30), and Schedule G (page 157). We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the State of Louisiana complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility/participation; matching, level of effort or earmarking; reporting; cost sharing/allocation; monitoring subrecipients; student file maintenance, fiscal procedures, and record keeping; institutional disbursements to award recipients; refund calculation and overpayment procedures; coordination of student aid programs; special requirements; claims for advances and reimbursements; amounts claimed or used for matching; and a variety of other specific requirements contained in OMB's *Compliance Supplement for Single Audits of State and Local Governments*, the U.S. Department of Education's *Student Financial Assistance Audit Guide*, various grant award agreements, and the *Catalog of Federal Domestic Assistance* that are applicable to each of the state's major federal financial assistance programs for the year ended June 30, 1995.

In connection with our audit, we reviewed the prior-year findings of noncompliance with the specific requirements applicable to each major federal financial assistance program and whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Three

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dl

[OPINION6]



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**Independent Auditor's Report on Compliance With Specific Requirements
Applicable to Nonmajor Federal Financial Assistance Program Transactions**

HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1995, and have issued our report thereon dated December 21, 1995.

In connection with our audit of the general purpose financial statements of the State of Louisiana, and with our consideration of the state's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility/participation; matching, level of effort or earmarking; reporting; cost sharing/ allocation; and monitoring subrecipients that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the state's compliance with these requirements. Accordingly, we do not express such an opinion. We did not apply procedures to test compliance with these requirements by Grambling State University, the Louisiana Educational Television Authority, the Louisiana Housing Finance Agency, the Morgan City Harbor and Terminal District, the Southern University System, and the West Jefferson Levee District, whose schedules of federal financial assistance reflect total activity and the federal government's risk in their outstanding loan balances of \$71,006,984, which comprise approximately one percent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1995. Compliance with the requirements by the agencies and universities mentioned above were tested by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to previously by the agencies and universities, is based solely upon the reports of the other auditors.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the State of Louisiana had not complied, in all material respects, with those requirements.

LEGISLATIVE AUDITOR

**HONORABLE M. J. "MIKE" FOSTER, JR., GOVERNOR
STATE OF LOUISIANA**

February 28, 1996

Page Two

However, the results of our procedures and the procedures of other auditors disclosed immaterial instances of noncompliance with those requirements, which are described in Schedule F (page 136) and Schedule G (page 174).

In connection with our audit, we reviewed the prior-year findings of compliance with requirements applicable to nonmajor federal financial assistance programs and whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 179), which have been addressed in our current report.

This report is intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MVG:DSP:dl

[OPINION7]

Schedule A

Reportable Conditions in the
Internal Control Structure
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure
For the Year Ended June 30, 1995

EXECUTIVE DEPARTMENT

Centralized Computer Accounting System

The state's centralized computer accounting system, the Financial Accountability and Control System (FACS), is not adequate for financial reporting in accordance with generally accepted accounting principles (GAAP). FACS is outdated in that it is approximately 22 years old, and it has not been adequately updated to reflect the current needs of financial reporting. For the sixth consecutive year, we are reporting that there are many inadequacies in the system that result in the need for agencies to maintain separate manual or automated side systems to perform certain functions that should be part of the state's centralized system. Among these functions are the following:

1. FACS does not have a complete general ledger system that would include all control accounts supported by subsidiary ledgers and journals.
2. Account receivables/billings are not maintained and reported in FACS.
3. Debt service accounting for the reporting of long-term debt is not performed by FACS.
4. Many state agencies, including the Department of Transportation and Development, the Department of Labor, colleges and universities, and many boards and commissions, are not users of FACS.
5. FACS is not capable of producing financial statements in accordance with GAAP without significant input and financial reports from agencies using off-FACS accounting systems.

Because of the lack of a centralized, integrated accounting system that includes all functions and agencies, significant procedures external to FACS are required for the compilation of the state's general purpose financial statements included in the state's Comprehensive Annual Financial Report (CAFR). The timeliness of financial information on a GAAP basis is impaired, the risk of errors in the compilation of the financial statements is increased, and the number of man hours spent on compiling and auditing the state's financial statements (CAFR) is increased at both the state and agency level.

The Division of Administration is in the process of implementing a new statewide computer system known as the Integrated Statewide Information System (ISIS). However, the current

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

design of ISIS will not resolve all of the deficiencies noted previously and, potentially, will not include all agencies, universities, and component units reported in the CAFR. The Division of Administration should continue the process of developing a new statewide computer system that would meet the state's needs. The Commissioner of Administration concurred in part with the finding. The Commissioner commented that FACS does contain a complete general ledger system, but it does not incorporate all the reporting component units and activities of state entities, which is a result of age and legislation; and it does not incorporate several required subsidiary components. ISIS will not be a "panacea" to resolve all of the problems identified in this finding. Because of the current status of Article 7, Section 9 of the 1974 Constitution, several large entities will continue to be non-primary users of ISIS, unless legislation is changed. In addition, while GAAP based financial statements is one goal of ISIS, the primary goal is the development of an information management system to provide departmental users with the tools necessary to allow them to meet their program and operational mandates (B-213).

Additional Comments: The response of the Commissioner of Administration implies that provisions of the constitution would inhibit the placement of some of the larger state agencies on ISIS. Article 7, Section 9 of the 1974 Constitution simply refers to the deposit of public funds into the State Treasurer and the exemption of certain state agencies from that requirement. Louisiana Revised Statute 39:78 gives the Commissioner of Administration specific authority to prescribe and cause to be installed and maintained a uniform system of accounting in all state agencies. With this authority, the Commissioner can specify that state agencies be placed on ISIS or at least interface existing systems at non-central cash management agencies with ISIS in sufficient detail to allow for more efficient preparation of financial reports and the production of needed management information.

Compilation of State's Financial Statements

For the third consecutive year, the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP), instructed agencies that use the statewide accounting system (FACS) to record only "material" adjustments to system generated reports, based on a sliding materiality scale, to compile their annual fiscal reports (AFRs). The system generated reports and adjusted amounts as disclosed in the AFRs are the basis for the compilation of the state's Comprehensive Annual Financial Report (CAFR). However, management should seek to produce financial statements that are as precise as possible, regardless of the materiality of adjustments. By using the concept of materiality, an auditing concept, in the compilation of the AFRs, the OSRAP is increasing the likelihood that the state's financial statements will contain material errors and will not be fairly presented in accordance with generally accepted accounting principles.

The OSRAP should instruct FACS agencies to post all known adjustments to the computer generated reports to reduce the likelihood that the state's financial statements will contain material misstatements. In a letter from the Commissioner of Administration dated January 3, 1996, the Division of Administration did not concur with the finding and recommendation. The

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

Commissioner expressed the following as reasons why the OSRAP should not require agencies to make adjustments considered to be immaterial: (1) OSRAP has not been made aware of any material misstatements caused by the use of the sliding materiality scale; (2) OSRAP relies on FACS as the primary source of financial information for agencies that use FACS and deviating from FACS in order to post, pre-audit, and follow-up in the subsequent year on numerous small adjustments would significantly increase the amount of time required for the compilation of the financial statements; (3) OSRAP provides a restricted materiality table for the agencies to use which results in low materiality levels; (4) the Legislative Auditor accumulates all known adjustments through the Summary of Test Results (STR) system during the audit process and OSRAP posts all material adjustments to the CAFR; (5) many of the state's largest agencies and component units are not on FACS and are, therefore, not affected by the sliding materiality scale; (6) Concepts Statement No. 1 of the Governmental Accounting Standards Board states that financial reporting should be reliable, but that reliability does not imply precision; and (7) materiality is both an accounting and an auditing concept (B-19).

Additional Comments: We offer the following comments in response to the Commissioner's letter: (1) While the external auditor accumulates all known error, the auditor does not specifically identify and segregate the adjustments that are caused by use of the sliding materiality scale, which may in fact be significant. (2) FACS should be considered a tool and its limitations should not control the compilation process; i.e., posting known errors to the statewide computer system amounts should be considered as a solution to the problem rather than adjusting compilation procedures to fit the computer system. The auditor has indicated some of the significant problems with FACS in the finding titled "Centralized Computer Accounting System." (3) Even a restricted materiality table that is applied by appropriation can cause significant error in the aggregate; for instance, the state General Fund fund balance could be understated by over \$4 million if the FACS agencies had an unrecorded accounts receivable of only \$25,000 each. (4) The external auditor should not be used as part of the internal control structure for the financial reporting cycle; adequate internal controls should exist to disclose errors and resulting adjustments should be posted. (5) As can be seen from the calculation in number (3) above, the sliding scale may result in material or significant errors in the financial statements regardless of the agencies and component units that are not on FACS. (6) Given the number of adjustments identified by auditors, OSRAP should instruct agencies to be as precise as possible by posting known errors in the AFRs since the unknown errors identified during the audit process are often significant. (7) As discussed in numbers (3) and (6) above, including the concept of materiality in the accounting or compilation process can lead to material or significant misstatements in the financial statements.

Internal Audit Function

For the thirteenth consecutive year, the State of Louisiana did not have an effective internal audit function for state government to examine, evaluate, and report on its internal control structure, including data processing, and to evaluate its compliance with the policies and procedures of the control system.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

Currently in Louisiana, approximately 85 internal auditors provide coverage to 11 state agencies, 10 state hospitals, and 11 state colleges/universities. The governor also established the Office of the State Inspector General (IG) in fiscal year 1988 to provide an internal audit function for state agencies and to provide other valuable services to the state through investigative auditing and the operation of a complaint hotline. Resources from existing audit functions in 1988 were transferred to the IG's office to establish an internal audit function. However, because of funding limitations, the IG does not have adequate staffing to perform an effective internal audit function. Currently, there are 13 auditors in the IG's office.

Although internal audit resources exist within the agencies noted previously, our study and evaluation of the state's internal control structure for the year ended June 30, 1995, found that an effective internal audit function did not exist in the following agencies. While the following should not be considered an all-inclusive list, their collective assets and revenues demonstrate the need for an effective internal audit function within Louisiana state government.

	<u>Assets</u>	<u>General Appropriations/ Revenues</u>
Department of Agriculture and Forestry	\$16,396,629	\$53,785,359
Department of Economic Development	25,897,362	34,182,851
Department of Education	106,406,000	2,525,177,349
Department of Environmental Quality	69,000,000	77,000,000
Department of Public Safety and Corrections, Corrections Services	56,499,527	402,199,214
Department of Public Safety and Corrections, Public Safety Services	117,315,090	168,999,770
Department of Social Services	56,205,632	665,326,521
Executive Department	98,927,767	165,863,431
Office of Risk Management	29,757,896	88,997,646
Office of Student Financial Assistance	32,180,134	31,478,406
Office of Telecommunications Management	7,762,992	34,332,230

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

	<u>Assets</u>	<u>General Appropriations/ Revenues</u>
Orleans Levee District	\$333,684,258	\$47,520,351
Pinecrest Developmental Center	10,872,451	60,602,981
Total	<u>\$960,905,738</u>	<u>\$4,355,466,109</u>

Act 15 of the 1994 Regular Session of the Louisiana Legislature requires agencies with budgets in excess of \$30 million to use existing program resources and table of organization for the purpose of establishing an internal auditor position. Considering the state's reported assets (\$33.7 billion) and its operating revenues (\$16.1 billion) and the number of control and compliance findings contained in this report, we believe that an effective internal audit function is needed to ensure that the state's assets are safeguarded and that state policies and procedures are uniformly applied.

The State of Louisiana should take the necessary steps to establish an effective internal audit function by either reallocating or increasing available internal audit resources or by pursuing other alternatives to accomplish this objective. The Commissioner of Administration concurred with the finding. The Division has continued to include the positions in its Budget Request for the last several years and has done so again for fiscal years 1995-96 and 1996-97. However, due to the budget crisis which has plagued the state for the past few years, the request has either been deleted or not funded by the legislature. Agencies will have to continue to use available resources within the Office of Inspector General or the required internal audit allocation identified in Act 15 (B-216).

Movable Property Records

The State of Louisiana did not ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. Considering the amount of movable property additions (\$140,435,000), deletions (\$48,423,000), and ending balance (\$896,055,000) for the General Fixed Asset Account Group, and the ending balance for universities of \$1,021,195,000, as reported by the Division of Administration, Office of Statewide Reporting and Accounting Policy for the year ended June 30, 1995, the state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

A good internal control structure requires that adequate control procedures be in place to ensure that (1) the acquisition, valuation, and disposition of movable property is accurately reflected in the accounting records; (2) the location of all movable items is monitored and

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

updated frequently; and (3) amounts recorded in the financial statements are materially correct. In addition, the internal control structure should ensure that movable property is properly safeguarded against loss arising from unauthorized use; that movement of items from one location to another is recorded; and that errors in processing transactions are recognized and corrected. Furthermore, Louisiana Revised Statutes (LSA-R.S.) 39:323-325, 328, and 330 require the following:

1. Property managers are responsible for the maintenance of property identification labels as prescribed by the Commissioner.
2. The property manager is required to update the master inventory listing on a monthly basis by submitting all property transactions to the Commissioner.
3. Each property manager is required to take a complete physical inventory of all property at least once each fiscal year. The Commissioner is to be notified in writing at least 30 days in advance of the date(s) on which the physical inventory will be conducted.
4. Upon completion of the annual inventory, each property manager is required to submit a certified report to the Commissioner containing all exceptions or discrepancies found when comparing the results of the physical inventory to the perpetual inventory records.

The Louisiana Property Assistance Agency (LPAA) has been designated by the Commissioner as the agency that will collect, account for, and maintain the transactions and reports that are required by state law; however, not all state entities are required to report to LPAA. Louisiana Administrative Code 34:VII.307.A. requires that acquisitions be tagged and information be forwarded to LPAA within 45 days after receipt of these items.

Our audit of movable property records throughout the state disclosed collective amounts of \$34,848,533 in additions; \$9,677,166 in deletions; and \$240,522,095 in ending balances of movable property for those seven state agencies, four state hospitals, one state university, one regional management center, and one state regulatory board that have not maintained an adequate movable property control system as follows:

1. For the sixth consecutive year, we have cited Charity Hospital and Medical Center of Louisiana at New Orleans for noncompliance with movable property laws relating to timely tagging and submission of transactions to LPAA. Our test of 24 additions to movable property revealed that 12 items (50 percent) were neither tagged nor was inventory information submitted to LPAA within 45 days of receipt of the property. The number of days between receipt and submission to LPAA ranged from 46 to 92 days. Our test of the master inventory listing also

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

revealed that out of the 30 items tested, 5 items totaling \$22,596 could not be located. In addition, the Certification of Annual Property Inventory to LPAA which was due on June 28, 1995, was not submitted as of October 13, 1995.

2. For the second consecutive year, Earl K. Long Medical Center has not complied with the state's movable property laws and regulations. In our test of 25 movable property items, we noted that 6 items (\$27,400 of \$57,967) were not tagged and transmitted within 45 days of receipt. At the time the deficiencies occurred, only one person was assigned to monitor assets, update records, tag acquisitions, and take inventory of approximately \$11 million of movable property.
3. The Louisiana Economic Development and Gaming Corporation did not update its movable property records for acquisitions occurring during the fiscal year ended June 30, 1995, which prevented the corporation from balancing its detailed movable property records to the general ledger control accounts. In addition, the corporation did not ensure that a physical inventory of all movable property was performed in accordance with its movable property policies and procedures.
4. For the third consecutive year, the Louisiana Health Care Authority did not comply with movable property regulations. In a test of 16 acquisitions, we found that 8 items (\$14,987 of \$22,999) were not tagged and were not added to the inventory system until 62 to 181 days after receipt of the property. The property manager is not always notified when property is received.
5. For the tenth consecutive year, various offices within the Department of Health and Hospitals did not comply with the state's movable property laws and regulations. Of the 70 additions tested, we found 24 items (\$25,121 of \$93,343) that were not tagged and added to the inventory system until 48 to 317 days after receipt of the property. As of July 14, 1995, four of these items had not yet been added to the inventory system.
6. The Department of Justice failed to update the master inventory listing through LPAA on a timely basis. We determined that 90 items of movable property transfers and purchases during 1993-94, totaling \$76,718, and 730 items of movable property transfers and purchases during 1994-95, totaling \$501,532, were not included in the master inventory listing at June 30, 1995, because they were not reported to LPAA until the 1995-96 fiscal year.
7. The Louisiana Universities Marine Consortium for Research and Education has not updated the state property master inventory listing for all additions to movable property in a timely manner. Our test of 7 additions to movable property for fiscal year 1995 disclosed that 5 of the 7 items were not submitted to LPAA within 45 days of receipt. The 5 pieces of equipment, totaling \$75,259, were

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

- submitted to LPAA between 104 to 189 days after receipt. In addition, the agency's annual certification to LPAA of movable property was inaccurate because the agency did not conduct a complete physical inventory of its movable property items.
8. For the New Orleans Adolescent Hospital, our review of 26 items of movable property revealed that 25 items (96 percent) were not tagged nor inventory information submitted to LPAA within 45 days of receipt of the property. The number of days between receipt and submission to LPAA ranged from 72 to 265 days.
 9. For the seventh consecutive year, the Office of Public Health did not comply with movable property regulations and Louisiana law. Our test of movable property additions revealed that 8 of 46 items tested (17 percent) were not tagged timely. In addition, 7 of the tagged items (15 percent) did not have the correct cost because related equipment was not included with the cost of computer systems. Our test of computer equipment disclosed that 70 of 706 items (10 percent) in the PASPORT location had duplicated tag numbers. Our test of equipment in location 108, Information Systems, disclosed that 33 of 194 items (17 percent) were classified in an incorrect location. New computer equipment to be issued and equipment returned for repairs should be classified in location 130, PASPORT.
 10. Regional Management Center 6, Alexandria is not updating the LPAA master inventory listing for all qualified equipment purchases within 45 days after receipt. Tests of two schools for the period July 1, 1994, through January 31, 1995, revealed that the two schools combined had 30 pieces of equipment totaling \$25,015 that were not tagged and reported to LPAA, which are described as follows. At Lamar Salter Technical Institute, we tested 5 items totaling \$11,724 and found that 3 of the items amounting to \$4,020 were reported from 60 to 120 days after receipt. At Shelby M. Jackson Technical Institute, we tested 29 items amounting to \$21,853 and found that 23 of these items amounting to \$15,796 had not been reported timely and 4 items totaling \$5,199 had not been reported at all.
 11. For the sixth consecutive year, the Department of Social Services has not complied with the state's movable property laws and regulations. We selected 60 items purchased during the year. One item (\$250 of \$31,064) could not be located. Of the remaining 59 sample items, 5 items (\$5,452 of \$31,064) had not been tagged and added to the inventory system within 45 days of receipt. In addition, we found 4 items (\$2,089 of \$31,064) that had neither been tagged nor added to the inventory system.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

12. Two campuses of the Southern University System (Baton Rouge and New Orleans) did not maintain adequate internal accounting controls over movable property and did not comply with the state's movable property laws and regulations. For the Baton Rouge Campus, in our test of 202 items purchased during the year, 107 items totaling \$121,121 had not been added to the master inventory listing, and 27 items totaling \$30,831 had neither been tagged nor added to the master listing as of June 30, 1995. Also, because the Baton Rouge Campus failed to reconcile property records to the monthly reports generated by the property control system, a \$10,192,743 data entry error made by a university employee in October 1994 was not detected and corrected until August 1995, approximately 10 months later. For the New Orleans Campus, our test of 30 movable property items disclosed that 9 items could not be located, 2 items had been tagged but not entered in the property control system, and 7 items had incorrect location codes. Also, the property manager did not take a complete physical inventory during the fiscal year, and the various departments on campus did not notify the property manager of all changes in property location.
13. The Southwest Developmental Center did not comply with the state's movable property regulations. In a test of 10 acquisitions, we found that 5 items totaling \$3,170 were reported to LPAA anywhere from 63 to 235 days after receipt of the property. Furthermore, of 35 items examined, we found that 5 items totaling \$6,923 were not tagged.
14. For the second consecutive year, University Hospital has not maintained appropriate accountability and control over its state property, as required by state movable property laws and generally accepted accounting principles. The hospital has not fully implemented a system to (a) timely tag and identify movable property as state property, (b) timely update property records for additions and deletions, (c) conduct regular physical inventories of its state property, and (d) report to LPAA.

The audits of two state agencies, one court, three boards, and one regional management center performed during the fiscal year ended June 30, 1995, for previous fiscal years, revealed inadequacies in their movable property records as follows:

1. For the second consecutive year, the Fourth Circuit Court of Appeal (FYE 6/30/94) did not update the state property master inventory listing for all transactions in a timely manner. Our test of movable property records revealed that 8 of 16 property transactions examined were not submitted to LPAA to update the master inventory listing within the required 45 days.
2. For the fourth consecutive year, the Office of the Lieutenant Governor (FYE 6/30/94) did not update movable property records as required by Louisiana law.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

Our test of 31 acquisitions disclosed that 30 acquisitions totaling \$29,200 were not added to the property master inventory listing within 45 days after receipt. The number of days taken to add these acquisitions to the master inventory listing ranged from 51 to 282 days.

3. The Louisiana Board of Examiners for Nursing Facility Administrators (FYE 6/30/93) did not maintain adequate controls over movable property. The balance in general fixed assets of \$67,813 at June 30, 1992, per the board's financial statements, does not agree with the balance of \$23,497 at July 1, 1992, per the accounting records. The July 1, 1992, balance represents additions during the year ended June 30, 1992, and is understated by the July 1, 1991, beginning balance of \$44,316, apparently through oversight by the preparer of the financial statements.
4. The Louisiana School for Math, Science, and the Arts (FYE 6/30/94) does not have adequate internal accounting controls over movable property and has not complied with movable property regulations. Our review disclosed the following control weaknesses: (a) the school does not reconcile purchases of movable property per the accounting records to the amount of acquisitions reported to LPAA; (b) the school does not have formal policies or procedures to ensure that all movable property purchased, donated, or self-constructed is recorded, processed, summarized, and reported as required by state property regulations; (c) the property control manager initiates and processes transactions, performs the physical inventory, and reports results to LPAA without any review or supervision; (d) the school has not canceled the input and approval authorization of two employees that have been transferred to other duties for more than three years; (e) the actual cost of 11 of 15 acquisitions examined were not correctly reported to LPAA; (f) the actual acquisition date of all 15 acquisitions examined were incorrectly reported to LPAA; (g) of the 15 acquisitions examined, 14 were not reported to LPAA within the required 45 days, but were reported from 50 to 110 days after being received; (h) school generated funds were used by the Parent's Association to purchase a printer that was not reported as property belonging to the school; and (i) the school does not monitor insurance coverage to determine that adequate coverage is maintained for its movable property.
5. The Louisiana State Board of Certification of Substance Abuse Counselors (FYE 6/30/94) did not comply with certain provisions of Louisiana Revised Statutes relating to movable property. In our audit, we noted the following: (a) the board did not adequately notify the LPAA director at least 30 days in advance of the dates on which the annual movable property inventory would be conducted; (b) the board did not submit an accurate annual movable property certification report by the March 1, 1994, deadline and the report submitted was inaccurate because it did not include 15 items of movable property totaling \$7,242 owned by the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

- board; (c) the board failed to notify the LPAA director of a change in property control managers; and (d) the board did not obtain a faithful performance of duty bond to cover the property control manager.
6. The Louisiana State Board of Examiners of Psychologists (FYE 6/30/94) did not comply with movable property regulations. We examined all 7 items purchased during the year and found that 3 items (\$1,098 of \$9,725) were not tagged and added to the inventory system within 45 days as required.
 7. Regional Management Center 1, New Orleans (FYE 6/30/94) did not ensure that reconciliations were performed between its accounting records and detailed listings of movable property provided by the LPAA. The lack of reconciliations resulted in the following: (a) the Regional Management Center 1, the New Orleans Technical Institute, the East Jefferson Technical Institute, and the West Jefferson Technical Institute did not reconcile the activity in their movable property records to the accounting records; and (b) the Sidney Collier Memorial Institute did not reconcile the activity in its movable property master listing to the accounting records or to the ending balance of \$1,123,507 at June 30, 1993, and the ending balance of \$976,627 at June 30, 1994. We also noted that 13 items with a value of \$8,248 acquired April 26, 1994, were not included in the \$976,627 balance reported at June 30, 1994. In addition, because of various errors with the transmittal for computer equipment purchased in December 1994, only \$48,254 of the \$116,509 expended was included in the resulting LPAA transaction report dated February 27, 1995.

In addition to those listed, the audits of the Fifth Louisiana Levee District, the Legislative Fiscal Office, the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, and the State of Louisiana Senate, performed by other auditors, revealed inadequacies in movable property records and are included in Schedule G.

The State of Louisiana should take the necessary measures to ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property in order to comply with state movable property regulations as prescribed by the Commissioner of Administration and Louisiana law. The Commissioner of Administration concurred with the finding. His staff will contact the affected agencies and departments and will request confirmation as to the validity of the findings and corrective action taken or to be taken. Affected agencies will be notified that legislation passed during the 1995 Regular Legislative Session provides for enforcement actions to be taken without their concurrence. Enforcement actions taken will be based upon the past compliance of the entities. The Commissioner also noted that this finding cannot be fully resolved until the legislature provides more resources to the agencies for this function (B-218).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

HEALTH AND HOSPITALS, DEPARTMENT OF

Provider Audits

For the second consecutive year, the Department of Health and Hospitals (DHH) has not established adequate internal controls to ensure that receivables and payables resulting from audits of providers participating in the Medical Assistance Program (CFDA 93.778, Medicaid) are recorded in the department's financial records and subsequently reported in the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana. In addition, DHH has not ensured that the federal share of provider overpayments has been reported and reimbursed to the Health Care Financing Administration (HCFA) within 60 days of the date of discovery as required by the Code of Federal Regulations [42 CFR 433.320(a)(2)].

The department contracts with Blue Cross of Mississippi, doing business as Tri Span Health Services, to audit the cost reports of Medicaid providers. Letters notifying the department of amounts due to/from Medicaid providers are received by the institutional reimbursements section where the transactions are recorded in the subsidiary records and notices sent to the fiscal management section. Our review of the Tri Span Health Services audit letters issued on or before June 30, 1995, disclosed the following:

1. Fiscal management had not updated and reconciled its subsidiary records with those of the institutional reimbursements section for amounts due to 11 providers.

The failure to reconcile these accounts resulted in a decrease in the amounts due to 11 providers totaling \$24,011,717. The omission resulted in a decrease in amounts due from the federal government of \$21,860,312.

The failure to reconcile these accounts also resulted in an increase in amounts due from 7 providers totaling \$11,127,006. The omission resulted in an increase in amounts due to the federal government of \$10,989,612.

Had these omissions remained undetected, they would have caused receivables on the CAFR to be overstated by \$10,733,306 and payables to be overstated by \$13,022,105.

2. Of the increase in amounts due from providers, we estimate that \$2,381,770 was 60 or more days old. Because these amounts had not been recorded in fiscal management's subsidiary records, the department did not include the federal share of these amounts, estimated at \$1,730,356, on the HCFA-64 expenditure report for June 30, 1995, as required by 42 CFR 433.320(a)(2).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

After our review, proposed audit adjustments were accepted by the department and incorporated into the CAFR.

The department should establish and/or review controls to ensure that (1) amounts due to/from providers from audits are recorded accurately in the subsidiary records, (2) amounts are reconciled timely with the institutional reimbursements section, and (3) federal regulations relating to overpayments are followed. In a letter dated October 20, 1995, Mr. Stan Mead, Director of the Division of Fiscal Management, stated that the department concurred with the finding. He further stated that the accounts have been corrected and balanced and that proper reporting will be made to the federal government on the next HCFA-64 (B-51).

**CHARITY HOSPITAL AND MEDICAL CENTER
OF LOUISIANA AT NEW ORLEANS****Patient Charges**

For the eighth consecutive year, Charity Hospital and Medical Center of Louisiana at New Orleans has not completed the development and implementation of effective procedures to provide management with assurance that all charges incurred by patients are accurate and billed. Complete and accurate information on patient charges is needed to ensure that the hospital is maximizing revenue.

In our test of inpatient account charges for 24 patient accounts, the following deficiencies were noted:

1. Documentation of the financial eligibility information was not available for 7 of the 24 patient files.
2. Twelve (50 percent) of the patients' bills were not produced timely. Final bills of the 12 patients were prepared in excess of 30 days following discharge.
3. At our request, 14 of the 24 bills were audited by the hospital's Coding and Revenue Enhancement Department. Those audits by the Coding Department, which revealed inaccuracies in all 14 of the bills, calculated a total bill amount of \$109,117 of which only \$94,927 was billed. This amounts to a variance of \$14,190 (14 percent).

As a result, management has no assurance that all services performed are billed to patients or that amounts billed to patients accurately reflect charges for services actually received.

Management of Charity Hospital and Medical Center of Louisiana at New Orleans should ensure that all charges are documented in the patients' medical records and are processed into

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

the billing system. In addition, the hospital should continue to establish written procedures for patient account information to provide assurance that charges incurred by patients are accurate and timely billed. Management of the hospital stated in writing that they agree that systems and controls should be in place to maximize revenue generation. However, the criteria used in evaluating timeliness in billing and accuracy of charges may not be achievable by a large public hospital. Billing performances are being reviewed by a Louisiana Health Care Authority task force to establish new billing policies (B-6).

Pharmacy Perpetual Inventory

Charity Hospital and Medical Center of Louisiana at New Orleans did not have adequate procedures to ensure that the perpetual inventory for the pharmacy department, valued at \$3,927,476, was properly maintained during the year. As a result of a physical inventory taken on June 24, 1995, the pharmacy inventory had to be increased by \$1,148,564, or 29 percent. A properly maintained perpetual inventory system is necessary for management to ensure that inventory is properly accounted for and managed. The following deficiencies were the major causes for the inventory adjustment:

1. Drugs purchased for the Department of Anesthesia and the HIV Clinic were not recorded in the perpetual system.
2. The perpetual inventory system had not been updated for some drugs that were purchased, and the purchase orders had not been recorded in the inventory system.
3. The perpetual inventory was not decreased for items used by the IV Admixture area.

Charity Hospital and Medical Center of Louisiana at New Orleans should establish adequate procedures to ensure that the perpetual inventory for the pharmacy is properly maintained to provide for proper accountability for the inventory. Management concurred with the finding and recommendation. See management's response at B-7.

Warehouse Physical Inventory

Charity Hospital and Medical Center of Louisiana at New Orleans did not have adequate procedures to ensure that a complete and accurate physical inventory was taken of warehouse items, which were valued at \$3,125,772. An accurate physical count of inventory is necessary for management to properly adjust the hospital's perpetual records and to prepare accurate financial statements. In our test of the inventory physical counts, we noted that 12, or 57 percent, of the 21 items tested were incorrectly counted by the hospital. We observed the following conditions that could have affected the accuracy of the physical counts of warehouse inventory.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

1. The physical inventory was taken during normal working hours, which could have caused disruption of the inventory process when personnel had to perform their other daily functions.
2. Portions of the inventory were conducted by personnel who were not under the direct supervision of the warehouse supervisor.
3. The warehouse included many University Hospital supplies that had been moved from another warehouse that had recently flooded. Since these items were physically located in the same areas as Charity Hospital inventory, there was a greater risk that items could be incorrectly counted.

Charity Hospital and Medical Center of Louisiana at New Orleans should establish adequate procedures to ensure that a complete and accurate physical inventory is taken at its warehouse and other locations. Management of the hospital concurred with the finding and recommendation. See management's response at B-7.

EARL K. LONG MEDICAL CENTER

Patient Billing

Earl K. Long Medical Center does not have adequate controls and policies over the patient billing function. An adequate internal control structure should provide for the segregation of duties such that one person would not be placed in a position both to initiate and to conceal errors or irregularities in the normal course of their duties. An adequate structure would further provide policies and procedures to ensure that financial data is recorded timely and accurately and in accordance with management policy. Our review of the patient billing functions disclosed the following:

1. Employees who receive payments also post the payments to the patient accounts and can manipulate the individual accounts through adjustments and changes to financial class code. These adjustments are made on-line without supervisory approval. Although adjustment reports are generated, they are not subsequently reviewed by management to determine the propriety of the adjustments made.
2. Employees in both the Admit/Screening and Patient Accounts sections can alter patient financial class to free care. There is no audit trail or accountability for changes made to financial class. Nine of the 40 (23 percent) system-generated patient accounts transferred to free care that were tested were not adequately documented to support them being free care patients.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

3. Charge slips used to record the cost of services provided to patients are not prenumbered nor are they cancelled after posting to patient accounts. Three of the 40 (8 percent) charge slips tested had not been posted, and one (3 percent) was a duplicate posting.
4. Charge slips are not posted timely. Charge slips may be initially entered as late as nine months after the service was rendered.

These weaknesses resulted from the large workload in the billing section and the lack of functional organization. These weaknesses could result in unauthorized manipulation of accounts, revenue losses, inappropriate bad debt write-offs, and untimely delays in billing.

Management of Earl K. Long Medical Center should adopt policies and procedures that separate the functions of receipt of payments, posting of payments, and change in payment accounts. These policies should also require that changes in patient financial status be appropriately supported and approved. The medical center should further ensure that all charge slips are accounted for and that charges are posted accurately and timely. In a letter dated November 2, 1995, Mr. Hayden F. Ellis, Chief Financial Officer, concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the medical center. See management's response at B-12.

EDUCATION, DEPARTMENT OF**Professional Improvement Program**

For the second consecutive year, the Department of Education (DOE) does not have adequate segregation of duties in the Professional Improvement Program (PIP). Segregation of duties is necessary to safeguard assets, to ensure that accounting data is both accurate and reliable, and to ensure that errors and irregularities are detected within a timely period. The PIP accountant is responsible for performing all PIP accounting functions for receipts, disbursements, and other associated duties. Our test of the PIP receipts and disbursements disclosed that the PIP accountant opens the mail, receives cash and checks, prepares disbursements, and posts receipts and adjustments to the general ledger. In addition to an absence of segregation of duties, we noted that the receipt of cash is not documented with prenumbered receipts and checks have not been stamped with a restrictive endorsement or deposited in a timely manner. The DOE distributed approximately \$50 million in General Fund monies through PIP during fiscal year 1994-95.

We recommend that the DOE establish adequate segregation of duties in PIP. In a letter dated October 27, 1995, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding and corrective action will be taken to address and correct the weaknesses noted in this finding (B-17).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

EXECUTIVE DEPARTMENT**Internal Control - Office of Facility Planning and Control**

The Office of Facility Planning and Control did not have adequate internal control procedures for cash receipts and disbursements and other transactions. During the year ended June 30, 1995, the office processed approximately \$133,000,000 in construction contract payments and related expenditures. In our consideration of the internal control structure, we noted the following weaknesses:

1. The office does not have adequate segregation of duties for cash receipts and disbursements. Accountants in the office perform the incompatible functions of both preparation and approval of Financial Accountability and Control System (FACS) revenue and payment documents. A separate employee performs the data entry function for payment transactions but does not verify the propriety of the payment documents. In addition, when a separate employee does approve the payment transactions on-line, the process does not always include the verification to supporting documentation.
2. One accountant processes changes to vendor files without approval by a senior employee.
3. The office does not verify that it has received checks requested from FACS by comparing checks to the FACS check register. This increases the risk that checks printed and charged to the office have not been received by the office or that a check has been fraudulently intercepted by an office employee and not detected.
4. Also, transactions that establish and change contracts on the FACS are entered and approved on-line by the same employee or the document is prepared and approved by the same employee using a stamp with the fiscal officer's signature.

A good internal control structure should provide for segregation of duties so that no one employee is in a position to both initiate and conceal errors and irregularities.

The Office of Facility Planning and Control should separate the responsibility for (1) preparation and approval of cash receipt and disbursement transactions, (2) changes to vendor files, and (3) contract set-up and change documents. The office should also verify that it has received a check for all checks on the FACS check register and should provide for verification of supporting documentation in the approval process for payments. Management concurred with the finding and recommendation. See management's response at B-24.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

On-Line Data Entry System

For the third consecutive year, the State of Louisiana did not have adequate internal control procedures in the On-Line Data Entry System (ODES) for the input of transactions into the Financial Accountability and Control System (FACS). Access to the system is restricted through the use of passwords and user ID codes; however, this access was not properly restricted to prevent the existence of incompatible functions. The ODES prints transaction reports that show the data entry code and approval code for transactions on the ODES to enable supervisors to search for improper access or entries. However, in several instances, these reports were not reviewed by supervisors to ensure that the security of the system had been maintained. A good internal control structure should provide for adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors or irregularities. Without adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

Our audit of the internal control structure relating to the ODES throughout the state disclosed that effective internal control procedures did not exist in the following state agencies:

1. For the second consecutive year, the Louisiana Department of Education has not established adequate control procedures over the ODES. Our review disclosed that six employees had both data entry and approval user ID codes, and five of those employees had both entered and approved 110 FACS transactions into the ODES. Two of these six employees also have supervisory (security) access that allows them to assign data entry and approval access to other employees. The security access reports were not reviewed by a supervisor to ensure that the security of the system had been maintained. In addition, the department has not established written procedures relating to the issuance and deletion of user ID codes. We noted that 16 employees' user ID codes had been suspended but not deleted from the system.
2. Lallie Kemp Regional Medical Center had one employee with both data entry access and approval capabilities through the use of a "borrowed" approval user ID and password.
3. For the third consecutive year, the Louisiana Health Care Authority has not established adequate internal control procedures in the ODES. Our review disclosed that two employees had both data entry and approval user ID codes. One of these employees is also the security administrator. The security access reports were not reviewed by a supervisor to ensure that the security of the system was maintained.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

4. The New Orleans Adolescent Hospital had one employee with both data entry and approval user ID codes; this employee also serves as the ODES security officer and assigns the ODES access to employees. Also, two other employees, one in the accounting department and one in the purchasing department, had both data entry and approval user ID codes for FACS documents.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

5. Regional Management Center 1, New Orleans had one employee with both approval access and supervisory (security) access, which allows that employee to assign data entry and approval access to other employees in the ODES. In addition, it was noted that the ODES supervisor maintains a notebook containing user IDs and passwords. This notebook would allow the supervisor to access the ODES using any valid user ID and password.
6. Regional Management Center 6, Alexandria assigned the regional accountant data entry, approval, and supervisory (security) user codes. The region has not developed any written policies documenting the ODES daily operational procedures to be followed by the region's schools.

The State of Louisiana or its agencies should implement procedures to limit employee access to the ODES to either data entry or approval access by transaction code and should instruct agencies to segregate the function of reviewing transaction reports to ensure that the security of the system has been maintained. The supervisory access (access assignment) should be limited to a supervisor who does not have responsibility for data entry or approval. The Commissioner of Administration did not concur with this finding and stated that the system was not designed to automatically preclude an employee from having more than one access capability due to limited staffing levels at some agencies. The ODES user procedures are written to assure that agencies are cognizant of the need for the separation of duties and that incompatible functions within an appropriation do not occur. The findings presented by the auditor represent a failure by the agencies to follow established procedures, not a failure of the system design (B-220).

Additional Comments: We concur that the control weaknesses are the result of failure to properly utilize the system and not a failure of the system design. However, the Division and agency management should ensure that adequate segregation of duties exists, which means in practice that incompatible functions such as data entry and approval of the same transaction type within an appropriation are not assigned to the same employee.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

GRAMBLING STATE UNIVERSITY**Cash Receipt Controls**

Grambling State University has insufficient controls over transactions relating to the university's cash receipts. A good internal control system requires that policies and procedures be established and implemented that provide for the proper classification, recording, and reporting of the agency's receipts. Furthermore, all receipts should be deposited intact and in a timely manner, preferably the same day or the first day following receipt of funds. During our examination of the bank reconciliation at June 30, 1995, we found the following exceptions:

- Two Pay-in-Vouchers (PIVs) (No. 18059, dated November 30, 1994, for \$20,000 and No. 18485, dated May 31, 1995, for \$5,000) were recorded as deposits in transit at June 30, 1995, when, in fact, they represented cash on hand totaling \$25,000. This amount is comprised of cash advances for registration of \$20,000 on July 5, 1994, and \$5,000 on January 9, 1995, that were not deposited until August 23, 1995, nine days after our initial request to examine the PIVs. Our petty cash confirmation at June 30, 1995, obtained from the comptroller, did not disclose that these amounts were on hand.
- One PIV (No. 18394), listed as a deposit in transit on the bank reconciliation, was found in the vault. An edit listing associated with that PIV indicated that funds collected on April 20, 1995, totaled \$8,746. Attached to the PIV were \$6,266 of checks and \$40 of cash, totaling \$6,306, that was not deposited until September 15, 1995. The difference of \$2,440 consisted of two checks for \$720 each and one check for \$1,000, which were missing. We obtained information from the appropriate bank that identified the three checks as having been deposited on PIV No. 18390, dated April 20, 1995, for collections on April 19, 1995. Further analysis of PIV No. 18390 and the edit listing revealed that the three checks, totaling \$2,440, were substituted for three checks totaling \$2,085, resulting in a difference of \$355 that remains unaccounted for.
- One PIV (identified as No. 18473 and listed as a deposit in transit on the bank reconciliation) listed \$323 of funds collected on May 25, 1995, and was made up of a check for \$125 and cash of \$198 per the edit listing. This \$323 remains missing.

In addition, three checks totaling \$225 with dates of April 18 and 19, 1995, were not deposited until September 15, 1995.

The university's Internal Audit Department, at the request of the university's president, conducted a review of various departments responsible for frequently collecting and remitting funds to the Bursar's Department. The review consisted of (1) testing 25 randomly selected

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

receipt transactions from the period July 1, 1994, through March 31, 1995; (2) general observations; and (3) reviewing internal control questionnaire responses. The following exceptions are the results of that review:

- Improper Use of Cash Receipts - The Aquaculture Department used cash receipts to make ten petty cash purchases totaling \$116 without recording the receipts as revenues or the purchases as expenditures, and without gaining proper approval for those expenditures.
- Logging of Checks - Four departments (Comptroller, Auxiliary, Athletics, and the Gramblinite Newspaper) did not adequately log all incoming checks received through the mail.
- Untimely Remittance - Three departments (Aquaculture, Housing, and Gramblinite) did not remit collected funds to the Bursar in a timely manner.
- Segregation of Duties - Three departments (Bursar, Auxiliary, and Gramblinite) did not adequately segregate duties between incompatible functions, such as receipting, depositing, and accounting for funds and supervisory, cashier, and review functions.
- Unsecured Funds - Two departments (Housing and Gramblinite) did not adequately secure funds held for remittance to the Bursar. These funds are maintained overnight in desk drawers.

The lack of emphasis by the comptroller on establishment and enforcement of policies and procedures for controls over cash receipts for the various departments, along with inadequate staffing and training of employees, resulted in the university placing its assets at risk of loss or misuse, inaccurate record keeping, untimely deposit of state funds, and inaccurate reporting of revenues and expenditures. In addition, funds of the university remain unaccounted for.

We recommend that the university complete development and implementation of new policies and procedures and emphasize enforcement of existing policies and procedures to provide for adequate internal controls over its receipts and assets. In addition, the university should consult with the district attorney regarding possible legal action relative to the funds that cannot be accounted for. In a letter dated November 17, 1995, Mr. Howard J. Craig, Vice President for Finance, stated that management concurred with the finding and that the system of internal control will be strengthened to document and verify the performance of those required to adhere to established policies and internal control procedures (B-29).

Investment Controls

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

For the third consecutive year, Grambling State University did not provide an adequate internal control structure over investment transactions. A proper internal control structure should provide for the separation of duties such that one person would not be in a position to both initiate and conceal errors or irregularities. Management has the responsibility to develop and maintain a good internal control structure that safeguards assets, ensures that all transactions (including investment receipts) are recorded in an appropriate and timely manner, and aids in the timely detection of errors and irregularities. Our current year audit procedures disclosed the following weaknesses:

- All safekeeping receipts for investments owned by the university were not secured in the safe of the cashier's office. Our examination of ten investments on the university's portfolio revealed three instances where confirmations or activity statements were held as security rather than the original safekeeping receipts.
- A log, maintained by the head cashier, reflecting the instruments in the safe, was incomplete. We noted two instances where the safekeeping receipts were not logged or even held by the custodian.

In addition, a review performed by the university's internal auditors revealed that a \$3,600 interest check was delivered to the senior business manager instead of being logged in by the comptroller's office and routed to the cashier's office. Management's lack of emphasis in enforcing and maintaining an adequate internal control structure for investments has subjected these assets and their earnings to unnecessary risk.

We recommend that all safekeeping receipts and certificate of deposit disclosure copies be maintained in the safe. A complete log should also be maintained reflecting the perpetual balance of investments and certificates of deposit, which should be reconciled at the end of each month to the general ledger. Furthermore, all investment-related checks should be received by the comptroller's office, logged in, and routed to the cashier for deposit to the bank. In a letter dated August 22, 1995, Mr. Howard J Craig, Vice President for Finance, concurred with the finding and recommendation and stated that corrective action has been taken (B-32).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

HEALTH AND HOSPITALS, DEPARTMENT OF**Medical Assistance Trust Fund**

For the second consecutive year, the Department of Health and Hospitals has not maintained adequate controls over fees due from providers to the Medical Assistance Trust Fund to ensure that amounts reported by providers are accurate. Fees due to the Medical Assistance Trust Fund are established by Louisiana Revised Statutes (LSA-R.S.) 46:2601-2605. Providers are responsible for preparing and submitting reports of fees due to the fund and for remitting payments at that time. Trust fund collections totaled \$71,666,798 for the year ended June 30, 1995. A good system of internal control would provide assurance that all fees are accurately reported and collected when due.

Our review of the accounts receivable balance and collections for the Medical Assistance Trust Fund disclosed that the department had no procedures to provide for audits of fees due from providers, nor were other procedures in place to provide assurance that providers reported and remitted the correct fees. The department has prepared a request for proposals (RFP) to provide for audit services, but at September 13, 1995, the RFP had not been issued.

Failure to establish adequate monitoring procedures for reports filed by providers increases the likelihood that material misstatements in fees due to the department can occur or that errors may occur and go undetected. The department's ability to monitor amounts due and collect amounts that become past due would also be impeded.

The Department of Health and Hospitals should establish procedures to ensure accurate monitoring and reporting of fees due from providers to the Medical Assistance Trust Fund. In a letter dated October 19, 1995, Mr. Stan Mead, Director, Division of Fiscal Management, concurred with the finding and recommendation and stated that the department has begun the process to obtain auditing services for collections of the Medical Assistance Trust Fund (B-49).

On-Line Time and Leave Entry System

The Department of Health and Hospitals did not consistently follow its internal control procedures for the On-Line Time and Leave Entry System for the input of payroll transactions into the Uniform Payroll System (UPS). Time and leave are keyed into the system by each designated timekeeper, and UPS generates reports that will indicate all time and leave recorded into the system. Access to the system is restricted to a designated timekeeper and alternate at the payroll unit level. However, our review of internal controls at four offices disclosed the following:

1. At all four offices tested, the timekeeper performs incompatible functions in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

2. At two of the four offices, the timekeepers did not have leave slips to support leave taken and completed time and attendance sheets.
3. In one office, the timekeeper was "assuming" a 40-hour work week when the time and attendance reports were not yet received for processing.

A good internal control structure should provide adequate segregation of duties to ensure that no one employee would be in a position to both initiate and conceal errors or irregularities and to ensure that all required documents are received and maintained. Because the department's internal control procedures were not always followed, inaccurate, unsupported, and fraudulent data could be entered and processed.

The Department of Health and Hospitals should reemphasize to all employees the need to follow its On-Line Time and Leave Entry System procedures and make clear that someone other than the timekeeper reviews the UPS reports, verifies data input into the system, and ensures that all required documents are received before processing and are maintained. In a letter dated September 6, 1995, Mr. Stan Mead, Director, Division of Fiscal Management, stated that the department concurred with the finding and has taken action to implement the recommendation (B-50).

LABOR, DEPARTMENT OF

Time and Attendance Records

The Louisiana Office of the Inspector General (OIG) issued a report on May 19, 1995, which contained findings on the Louisiana Department of Labor's (LDOL) Unemployment Insurance (UI) Field Audit Unit in Baton Rouge. The report stated that seven employees of this unit falsified time and attendance records by certifying they worked a full eight hours on Fridays when, in fact, they generally worked a half day. The employees signed time sheets, which were approved by supervisors, attesting they had worked eight hours. This practice lasted from approximately July 1993 until the investigation began in March 1995. It was estimated that the employees were paid for approximately 1,000 hours on Fridays, which they did not work. The estimated maximum value of the 1,000 hours for this practice is approximately \$20,000. This estimate credits employees for Friday afternoon work where that work is documented or they claim they worked.

According to their immediate supervisor, who participated in the practice, some of these employees worked 40 hours per week due to extra hours worked at other times, but others did not. Although all of the employees acknowledged participating in the practice, most claimed that they nonetheless put in a regular 40-hour work week. However, none of the employees provided any documentation or evidence other than their own statements corroborating their work claims.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

The OIG recommended that LDOL (1) seek restitution and adjust, as necessary, leave balances and retirement service credit for hours not worked by the employees, (2) take appropriate disciplinary action against all employees who had knowledge of or participated in this practice, (3) forward this information to the District Attorney of the Nineteenth Judicial District, (4) review the activities of other locations to ensure that this is not occurring elsewhere within the agency, and (5) institute time and attendance reporting and other measures to ensure the timely detection of similar practices. See management's response at B-55.

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER - NEW ORLEANS**

Credit Card Accounts Not Reconciled

For the second consecutive year, the Louisiana State University Medical Center - New Orleans did not ensure that reconciliations of credit card accounts receivable book balances to credit card statements were performed timely. The reconciliation for the Professional Practice Association account, with a credit book balance of (\$18,389) at June 30, 1995, was not reconciled during the entire fiscal year. A reconciliation performed in August 1995 identified errors that required adjusting entries of \$31,573. In addition, the credit card accounts receivable balance for the bookstore, with a book credit balance of (\$4,245) at June 30, 1995, was not reconciled for the entire fiscal year and has not been completed as of August 1995. An effective internal control system is required to ensure that the medical center's assets are safeguarded. This system should include performing timely reconciliations to detect errors and/or irregularities. Without such a system, errors or irregularities could occur and not be detected timely.

We again recommend that management of the medical center take the necessary action to ensure that all credit card accounts receivable balances are reconciled on a timely basis. Management of the medical center concurred with the finding and recommendation. See management's response at B-83.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

Patient Account Credit Balance

For the second consecutive year, the Louisiana State University Medical Center - New Orleans Professional Practice Association (PPA) has not instituted internal control policies and procedures to ensure that outstanding patient credit balances, which result from overpayments by patients and insurance companies, are reviewed and liquidated on a timely basis. At June 30, 1995, the PPA has outstanding patient credit balances of \$966,972 from patient overpayments. This is a \$271,743 increase from the \$695,229 credit balances at April 30, 1994.

Good internal controls require management to establish policies and procedures to record transactions timely and accurately. In addition, Louisiana Revised Statute (LSA-R.S.) 9:164 requires that any monies due and payable for more than one year are presumed abandoned and must be reported to the Department of Revenue and Taxation.

We again recommend that ownership of the current credit balances be determined and the monies be returned to the rightful owners and that all credit balances more than one year old be reported to the Department of Revenue and Taxation in accordance with LSA-R.S. 9:164. Management of the medical center concurred with the findings and recommendations. See management's response at B-82.

Payroll/Personnel Controls

For the second consecutive year, the Louisiana State University Medical Center - New Orleans did not remove terminated employees from the Payroll/Personnel System in a timely manner. The design and use of adequate policies and procedures are needed to ensure the proper recording of transactions and events. The medical center's internal auditors followed up on the prior year finding and determined that the medical center does not have formal written policies and procedures for processing terminations. Their examination of records of 84 employees who terminated between July 1, 1994, and January 6, 1995, revealed that 53 of those employees tested (63 percent) were not recorded timely in the payroll system as terminated. The lack of formal written policies and procedures for processing terminations resulted in total overpayments of \$8,496 to six employees after termination. The medical center recovered \$2,583 of the overpayments.

We recommend that management develop formal written policies and procedures and implement the recommendations of the medical center's internal auditors. Management of the medical center concurred with the finding and recommendation. See management's response at B-84.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

NATURAL RESOURCES, DEPARTMENT OF**Electronic Data Processing Controls**

For the seventh consecutive year, the Department of Natural Resources' Information Processing Section (data center) has not established an adequate internal control structure relating to general electronic data processing (EDP) controls, which could affect the integrity of programs, processing, and data. Management of the department has made progress toward correcting its EDP problems, and, in fact, did correct some of the conditions relating to controls over operations, documentation, access, and physical security. However, three conditions reported in the prior year remain unresolved at June 30, 1995.

The EDP systems included in the data center are the Underground Injection Control System (UIC), Louisiana Mineral Information System (LOMIS), Transportation Audit System (TAS), and Production Accounting and Reporting System (PARS). Annually, LOMIS processes information relating to approximately \$225 million of mineral royalty income received by the state. In addition, the other information systems aid in tracking oil and natural gas production and transportation in the state. Internal controls should be established to ensure that assets are properly safeguarded, transactions are properly recorded, and errors and/or irregularities are detected and corrected in a timely manner. These controls are necessary to preserve the integrity of the system and to provide reliance on the results produced by the system.

The three conditions reported in the prior year that remain unresolved at June 30, 1995, are as follows:

1. Approximately 74 terminals are incapable of masking passwords, thus creating a potential security risk. During May 1995, the department ordered enough personal computers to replace the 74 terminals incapable of masking passwords.
2. A test data base does not exist. Production files must be used for tests.
3. Certain batch programs do not account for all additions, changes, and deletions to data base files.

The Department of Natural Resources should take action to remedy the control weaknesses. The department should also provide for a full evaluation of the data center to determine whether other weaknesses exist, in addition to those we identified, and to determine the most efficient and effective means to establish proper controls. In a memorandum dated August 16, 1995, Mr. Robert D. Harper, Undersecretary, stated that new computer terminals, capable of masking passwords, have been ordered and will be installed by September 15, 1995. Mr. Harper further stated that the department is preparing to change to a different computer system and that the final two conditions will be addressed when this change is made (B-93).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

NORTHEAST LOUISIANA UNIVERSITY**Internal Controls Over Athletic Revenues**

Northeast Louisiana University has not maintained adequate control over all sources of athletic revenues. Good business practices require establishment of accountability for all revenues earned and maintenance of complete and orderly records to support accountability. Our review of athletic department operations disclosed the following:

- The university has not assigned one person the responsibility for custody of contracts involving revenues for game guarantees and revenue sharing from the National Collegiate Athletic Association. Game contracts stipulating guarantees for football and men's basketball were retained in different offices, and women's basketball contracts for the year ended June 30, 1995, could not be located.
- Some guarantee payments were received and deposited by the athletic director and others by the business manager. Deposit records could not be located to identify the recipients and depositors of two game guarantees and a revenue sharing distribution totaling \$230,580. As a result of unclear responsibility for monitoring revenues, a shortage of \$1,000 in a remittance on a game guarantee was not detected.
- No records were kept of the quantity of tickets printed for each game of the 1994-95 basketball season, and the tickets were not prenumbered. In the absence of records of tickets printed, we were unable to ascertain that recorded revenues corresponded with tickets sold.

Because the university has not designated centralized responsibility for game guarantees and other revenues and has not established controls over tickets printed and sold, there are increased risks that errors or irregularities may occur and go undetected.

We recommend that management of Northeast Louisiana University designate an individual with responsibility to retain contracts that involve athletic department revenues and to collect those revenues. The responsible person should establish subsidiary records to track revenues receivable. In addition, the athletic department should ensure that records of quantities of tickets printed are retained to establish accountability for ticket sales revenue. In a letter dated November 27, 1995, Dr. William Weirick, Vice President for Business Affairs for Northeast Louisiana University, stated that the university concurred with the finding and that management has taken steps to improve internal controls over all aspects of athletic fiscal operations. Those steps include establishment of an auxiliary enterprises business manager and acquisition of a new ticket information system (B-101).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

Reconciliation of Books to Financial Statements

Northeast Louisiana University did not provide a reconciliation of its year-end book (ledger) transactions to its financial statements to identify differences between book balances/totals and financial statements. In addition, the university has not used its own system software (User Writer FBM070) to produce daily, monthly, and year-end financial statements. There is authoritative guidance available to the university from the National Association of College and University Business Officers (NACUBO), providing numerous objectives for establishing financial reporting; in particular, financial reports should possess basic characteristics of understandability, reliability, relevance, timeliness, consistency, and comparability. To be relevant, information must be timely and to be reliable, information must have representational faithfulness and be verifiable. Good business practices require the use of basic reconciliations to identify differences between recorded and reported balances and transactions. In addition, the system software used by the university provides guidance for mapping, attributes, and designing general report formats.

The university uses system-generated reports (FBM094 and FBM095) to prepare the year-end financial statements. Adjustments between the system-generated reports and the financial statements are usually recognized in the report or a reconciliation is prepared. The reconciliations prepared by the controller for fiscal year 1995 were lost and not available for use during the audit. In addition, the controller was assigned the duty of working toward a system-generated financial report but terminated his employment before starting the project. Failure to provide accurate daily, monthly, and year-end financial reporting does not provide management with timely, accurate, and reliable information for making decisions and reporting financial information to the public, oversight bodies, and investors and creditors. We were eventually able to test reported balances, only after university staff spent considerable time and effort to recreate reconciliations after the financial statements were issued.

We recommend that the university begin developing its daily, monthly, and year-end financial reports by use of the system designed User Writer (FBM070) to provide reconciliations of recorded and reported amounts. In a letter dated November 17, 1995, Dr. William Weirick, Vice President for Business Affairs for Northeast Louisiana University, stated that the university concurred with the finding and that management continues to be committed to adopting procedures allowing for the full utilization of the information system reporting functions. Dr. Weirick further stated that an improved version of the institution's accounting system will also facilitate the generation and utilization of system-generated reports (B-102).

NORTHWESTERN STATE UNIVERSITY**Electronic Data Processing Controls**

For the second consecutive year, Northwestern State University has deficiencies relating to general electronic data processing (EDP) controls that could affect the integrity of programming, processing, and data. The control environment includes general EDP controls as well as the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

control procedures over application development and maintenance, logical access to systems and data, computer operations, and segregation of incompatible duties. Good EDP general controls combined with good EDP application controls ensure that computer production is performed according to management's design and intent.

Annually, the Computer Center processes information relating to approximately \$51 million of revenues as well as various other transactions of the university. For the second consecutive year, our control work revealed the following weaknesses which have not been resolved:

- Duties and responsibilities of EDP staff are not adequately defined in their job descriptions.
- The university does not have an EDP internal audit function.
- The programmers occasionally served as operators during the period of this audit. According to the Computer Center director, this was discontinued in March 1995, but there is no documentation to support this.

Our review also identified the following additional weaknesses:

- The university does not have a written systems development and documentation standards manual.
- The university does not have written procedures for revisions and/or modifications to the existing system and applications.
- The university does not have written procedures in the event of hardware failure or malfunction, nor does it log in the hardware failures/malfunctions with cause and resolution.
- The university does not have a written policy and procedure manual.

Management has focused more on providing users with the information to accomplish their required tasks rather than developing and implementing the necessary controls to safeguard the system.

We recommend that Northwestern State University establish and implement general and application EDP controls in its Computer Center to address these weaknesses. In a letter dated September 5, 1995, Dr. Robert A. Alost, President, stated that changes are being made in the Computer Center to address the areas noted in the finding. In addition, a complete EDP policy and procedure manual is being developed (B-104).

ORLEANS LEVEE DISTRICT

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

Investment Controls

The Orleans Levee District did not provide an adequate internal control structure over investment transactions. The accountant that initiates and records investment transactions also reconciles the investment bank account without any management review. As a result, management did not detect that the reconciliations of the investment account were not prepared timely and that the investment account had idle funds for eleven months of the fiscal year.

A proper internal control structure should provide for the separation of duties such that one person would not be in a position to both initiate and conceal errors or irregularities. Management has the responsibility to develop and maintain a good internal control structure that safeguards assets, ensures all transactions are recorded in a timely manner, and aids in the timely detection of errors and irregularities. Management's lack of emphasis in developing and maintaining an adequate internal control structure for investments has subjected these assets to unnecessary risk and resulted in lost interest earnings.

The cash balances in the noninterest-bearing investment account from August 1994, through the end of the fiscal year, June 30, 1995, ranged from \$198,200 to \$1,340,250. The average balance in this account during the fiscal year was \$751,458. The quantitative impact of the lost interest cannot be readily determined because of fluctuating interest rates.

We recommend that all reconciliations be performed on a timely basis by someone not involved in initiating or recording the investments. These reconciliations should be reviewed by management and excess idle funds should be identified and invested. In a letter dated October 12, 1995, Mr. Theodore Lange, Director of the Orleans Levee District, stated that the district has recognized and recorded all transactions, has engaged an investment advisor since January 1, 1993, and has been seeking to establish a Civil Service position for an investment officer. The Finance Department has experienced serious staff shortages such that timely record keeping as well as separation of duties is not available under the circumstances. Mr. Lange also stated that he does recognize the need to improve and strengthen upon existing banking and investment policies, procedures and controls by way of the new investment officer position and filling other related position shortages in the Finance Department (B-117).

PINECREST DEVELOPMENTAL CENTER**Payroll Irregularities**

An employee at Pinecrest Developmental Center submitted 32 false overtime documents requesting payment of approximately \$2,164 for 149 overtime hours. A good internal control system would provide procedures to verify time worked, to include overtime charged, and to safeguard the assets of the center. The employee made copies of previously approved

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

overtime documents, then apparently altered the date, time, and number of overtime hours worked, and submitted these false documents for payment. Neither the employee or the center could provide support for the hours claimed.

The false documents were not detected because supervisory personnel did not match original overtime documents approved by the administrator to the certified time sheets. Furthermore, supervisory personnel did not question the employee when this information was not available at the end of each pay period, as required by the center's policy. As a result, the employee received compensation for overtime that was not supported by original overtime documents.

We recommend that management review its controls and require supervisors to comply with these controls to prevent future problems and to periodically review these controls to determine if the controls are accomplishing the desired objectives. Furthermore, management should contact the appropriate legal authority for guidance in determining the appropriate legal action to be taken. In a letter dated November 7, 1995, Mr. Edwin M. Wright, Office of Mental Retardation/Developmental Disabilities Regional Administrator, stated that management has reviewed its policies and procedural memoranda issued and disseminated to supervisors and employees since 1992 regarding their responsibility to certify time worked and leave taken, as well as obtaining and retaining required supportive documentation. Management will continue to periodically review and revise these controls, as needed, to obtain the desired objectives. Furthermore, management has contacted the Department of Health and Hospitals internal auditor and legal counsel requesting that they review the finding and provide guidance as to the appropriate administrative and legal action to be taken (B-127).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

PUBLIC HEALTH, OFFICE OF

On-Line Time and Leave Entry System

The Office of Public Health (OPH) has not established adequate procedures to ensure that all employees adhere to the on-line time and leave entry policy. Payroll time and leave are keyed into the Uniform Payroll System (UPS) by each designated timekeeper, and UPS generates reports that indicate all time and leave entered into the system. Access to the system is restricted to designated timekeepers. However, our test of seven parish health units of OPH disclosed that in four units the timekeeper performs incompatible functions in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system.

An adequate internal control structure should provide adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors and irregularities. Department of Health and Hospitals' policy 1215-92 Section XVI, Part B states that each timekeeper's unit manager shall monitor the timekeeper's personal time entry. Also, Section XVI, Part (D)(5) states that each timekeeper's unit manager shall develop a method of auditing the timekeeper's personal time entries. Without adequate segregation, there is increased risk that errors or irregularities could occur and not be detected in a timely manner.

OPH should develop written procedures to ensure that all employees follow agency policy for payroll on-line time and leave entry. In a letter dated September 28, 1995, management of OPH concurred with the finding and recommendation. OPH will take the necessary steps to define the responsibilities for the operation of the UPS on-line system and maintenance of the pay period files (B-131).

**PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, PUBLIC SAFETY SERVICES**

Electronic Data Processing Controls

For the second consecutive year, the Department of Public Safety and Corrections, Public Safety Services, has not established an adequate internal control structure relating to electronic data processing (EDP) controls that could affect the integrity of data. An adequate internal control structure requires that individuals be permitted access only to the data files and programs necessary to perform their duties. Duties should be segregated so that no one employee is in a position to both initiate and conceal errors or irregularities. The department's computer systems process several million transactions each year, accounting for \$117,315,090 in assets; \$168,999,770 in revenue; and \$924,086,576 in major state revenue in the 1995 fiscal year. Most of the 2,300 departmental employees use at least one of three computer systems that are largely accessed through five security sign-ons. The following were observed:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

1. The department has not followed its procedure for granting EDP access, which requires each authorization to be permanently maintained. There are no established procedures to notify the computer security staff in a timely manner when employees who were authorized access to data files are terminated or reassigned. In addition, the Liquefied Petroleum Gas Commission shares a single password. Our attempt to identify the EDP transactions available to users disclosed that the users did not have documentation readily available showing the use of many of the EDP transactions. Furthermore, the documentation of the terminal registration numbers that allow for limiting access to selected locations is outdated and inaccurate.
2. The department does not have adequate segregation of duties for performing EDP functions. Computer security staff in the Offices of Motor Vehicles and Management and Finance have incompatible functions that allow the same employee to have access to all employee sign-ons and routinely process data through the EDP systems. The payroll supervisor who approves adjustments to the Uniform Payroll System master payroll files also has on-line capability for updating those files. The Financial Accountability and Control System (FACS) security officer loaned her password to an employee with incompatible responsibilities to perform security procedures. In addition, application programmers have data update capabilities with some applications.
3. The department has not established adequate internal control procedures over its on-line time and leave entry system. Time and leave are keyed into the system by each designated timekeeper, who then prints a report that indicates all time and leave recorded into the system. Our review of internal controls disclosed that Office of Motor Vehicles supervisors perform incompatible functions in that the same employee who keys in the time and leave also reviews the report and verifies the data input into the system.

Without certain established procedures and adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

We recommend that management consider the following:

- Restrict access to application data files to assigned individuals on a business-need-only basis and maintain a permanent record of the authorizations.
- Document all application transactions to facilitate a smooth transition in the event of employee turnover and for proper processing of data.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

- Continue to work toward eliminating data update capabilities from application programmers.
- Ensure that owners of financial application data files periodically review all individuals having access to the files for which the owner is accountable.
- Separate incompatible functions relating to security administration and the on-line time and leave entry system.

Management of the department concurred with the finding and recommendations. See management's response at B-135.

**PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, PUBLIC SAFETY
SERVICES - RIVERBOAT GAMING DIVISION**

Monitoring and Review of Required Reports

The Department of Public Safety's Riverboat Gaming Division (RGD) did not adequately monitor the submission of all riverboat gaming licensee reports required by the Louisiana Administrative Code (LAC) and has not established procedures for reviewing these reports and following up on exceptions noted in the reports. Furthermore, management of the RGD has not established specific criteria to be used by each licensee's independent certified public accountant (CPA) in performing internal control reviews of the licensee as required by the LAC. In addition, the RGD has not established procedures to review the work of each licensee's independent CPA to determine the adequacy of their work.

The LAC requires each riverboat gaming licensee to submit to the RGD:

- copies of reports filed with the Securities and Exchange Commission (SEC) within ten days of filing the reports with the SEC (Title 42, Chapter 27, Section 2709D);
- audited financial statements within 120 days after the end of the licensee's business year (Chapter 27, Section 2711F);
- quarterly net gaming proceeds reports audited by an independent CPA within 60 days after the end of the quarter (Chapter 27, Section 2711I);
- an annual CPA report on the continuing effectiveness and adequacy of the licensee's written system of internal controls using the criteria established by the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

RGD. This report is to be submitted no later than 150 days after the end of the licensee's fiscal year (Chapter 27, Section 2715D); and

- any additional information and documents the division may request from the licensee or the licensee's independent CPA (Chapter 27, Section 2711J).

Our review of the RGD report files for all licensees during 1995 disclosed the following:

- Three licensees did not submit reports filed with the SEC.
- Six licensees were late in submitting quarterly net gaming proceeds audit reports.

Based on our review of the RGD's procedures and practices during fiscal year 1995, we found that the division did not adequately review all the reports submitted by the licensees, did not follow up on all reported deficiencies, and did not conduct reviews of the work performed by the licensees' independent CPAs to determine if the work was adequate. In addition, we noted that the division has not established specific criteria to be used by the licensees' independent CPAs in performing internal control reviews required by the LAC.

By not reviewing and following up on the various reports submitted by the licensees, the RGD may not detect all areas of noncompliance or under-reporting of gaming revenues by the licensees. The lack of specific criteria to be used in performing internal control reviews and the failure to review the work of independent CPAs prevents the division from ensuring that adequate reviews are performed on each licensee.

We recommend that management of the RGD:

- adequately monitor the submission of all licensee reports required by the LAC;
- review the reports and follow up on all exceptions or findings noted;
- establish specific criteria for internal control reviews conducted by the licensees' independent CPAs; and
- conduct reviews of the independent CPAs to determine the adequacy of the work performed.

In a letter of response dated December 7, 1995, management of the RGD stated that the division's procedure is to monitor the required report submissions as part of the licensee's compliance audit. Therefore, submissions due and outstanding before an audit of the licensee were not noted until the division conducted a compliance audit. However, the division has established new procedures to monitor these submissions in a more consistent and timely manner. Each licensee has been assigned a designated auditor who is responsible for

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

monitoring licensee reports and submitting a case report to his supervisor for all violations found.

Management of the RGD also stated that the division has instructed several independent CPAs that the Administrative Rules and Regulations were the minimum guidelines to use in reviewing the licensees' internal controls. In addition, the division's procedure is to review the work of the independent CPA as part of the financial audit of the licensee (B-138).

Additional Comments: Although the RGD has instructed several independent CPAs that the Administrative Rules and Regulations were the minimum guidelines to use in reviewing the licensees' internal controls, no specific guidance as to which rules or regulations the division considers to be most significant have been given to the independent CPAs. Because of the volume of these rules and regulations, it is unrealistic to assume that all rules and regulations carry the same importance or significance and, therefore, it is unlikely that all rules and regulations are given the same coverage by the independent CPA's review. Furthermore, since different CPA firms have been engaged by the licensees to perform these reviews, the scope of these reviews may differ significantly without specific guidance from the division. In addition, our review of the division's financial audits conducted to date revealed no evidence of the division's review of any CPA's work nor the establishment of procedures for such reviews. Without providing specific guidance for the independent CPAs to follow and without a subsequent review of the CPA's internal control work by the division, the value of the independent CPA's control review is questionable.

RISK MANAGEMENT, OFFICE OF**Review of Original Documentation**

For the second consecutive year, the Office of Risk Management (ORM) is not performing, on a sample basis, a field review of the original source documentation to support billings by contract attorneys. We noted that for fiscal year 1995, contract attorneys were compensated and/or reimbursed approximately \$9.3 million for expenses that included legal services and other expenses such as telephone, copying charges, postage, et cetera. In support of expenses, it is a practice of ORM to accept from attorneys, copies of receipts and summaries of time worked for legal services substantiated by an affidavit. Claim adjusters then perform desk reviews of these copies of supporting documents using the contract and ORM's billing guidelines as the criteria for review.

A field review of original source documentation has not been conducted since 1990. Considering the magnitude of payments to contract attorneys each year, an adequate internal control structure would require that ORM perform a field review, on a sample basis, of original source documentation to ensure that billings are accurate and expenses are allowable.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

We recommend that ORM, on a sample basis, conduct field reviews of original source documentation maintained by the contract attorneys to ensure that ORM is being properly billed. In a letter dated September 15, 1995, Whitman J. Kling, Jr., Deputy Undersecretary, stated that because of cuts in personnel, the currently established positions are used in the administration of the Self-Insurance Program, not to conduct field audits of vendors or service providers. ORM plans to request funding for staff in fiscal year 1996-97 to perform these field audit responsibilities (B-146).

SOCIAL SERVICES, DEPARTMENT OF**On-Line Time and Leave Entry System**

For the third consecutive year, the Department of Social Services has not established adequate internal control procedures for the On-Line Time and Leave Entry System for the input of payroll transactions into the Uniform Payroll System (UPS). Time and leave are keyed into the system by each designated timekeeper, and UPS generates reports that will indicate all time and leave recorded into the system. Access to the system is restricted to a designated timekeeper and alternate at the payroll unit level. However, our review of internal controls at 24 offices disclosed that in 2 offices the timekeeper performs incompatible functions in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system.

An adequate internal control structure should provide adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors or irregularities. Without adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

The Department of Social Services should develop and implement written procedures for the On-Line Time and Leave Entry System which would make clear that someone other than the timekeeper reviews the UPS reports and verifies data input into the system. In a letter dated August 21, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and recommendation and outlined a plan of corrective action (B-162).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

SOUTHERN UNIVERSITY SYSTEM**Employee Leave Records**

Southern University has not maintained adequate control over employee leave records. An adequate internal control structure provides management with the basis to accurately record, process, summarize, and report employee leave transactions. Management has the responsibility to develop and maintain a good internal control structure that safeguards assets, ensures that all leave transactions are recorded in a timely manner, and aids in the timely detection of errors and irregularities.

In conjunction with our test of 90 employee payroll transactions, we tested additions and deletions of annual, sick, and compensatory leave for those entitled to leave privileges. Of the 90 employees tested, we found 15 instances where the leave taken per the time sheets did not agree with the leave posted to the leave records; 16 instances where leave taken per the time sheet did not agree to or was not supported by a leave slip; 6 instances where the leave cards had calculation errors; and one instance where the leave record could not be located.

Because the university does not have adequate controls in place to ensure that the leave records reflect actual leave earned and taken, employees may have been paid for time not worked or may not have been charged for leave taken.

We recommend that Southern University implement and maintain adequate controls over the recording, processing, summarizing, and reporting of employee leave information. The university should also make corrections for those instances where leave taken per the time sheet was incorrectly posted to the leave records and where the leave cards were calculated incorrectly. Management concurred that the time sheets did not agree with the leave records; however, they stated that it is necessary to process time and attendance records before the end of the pay period. Consequently, time sheets will not match leave records. Management agreed that leave cards had calculation errors but considered these to be immaterial instances. Management also stated that a proposed purchase and implementation of an automated human resource system will help prevent future calculation errors (B-168).

Additional Comments: The university should redesign its payroll system in a manner which would preclude the processing of time and attendance records before the end of a pay period. A well designed internal control structure for a payroll system should ensure that leave records reflect actual leave earned and taken and that time sheets agree with the leave records.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

**SOUTHERN UNIVERSITY -
BATON ROUGE CAMPUS****Missing Cash Receipts**

Southern University - Baton Rouge campus did not have adequate internal controls over the collection, depositing, and reconciliation of Laboratory School registration fees. Failure to deposit monies on a daily basis and to perform a timely reconciliation of students registered to fees collected and deposited resulted in a theft of \$5,652 in 1994 fall registration fees that was not detected until May 1995. Good internal controls and university regulations require that cash be deposited on a daily basis. Good internal controls also require a timely reconciliation of students registered to fees collected and deposited.

The university detected the missing cash during the process of reconciling the Laboratory School's class rosters to receipts issued and deposits made by the Bursar's office. Registration fees collected during July and August 1994 were not deposited daily as required by university procedures. When one or two days remained in the registration period and only one or two students registered in a day, it was accepted practice for a cashier not to close out the registration bag and not deposit cash until the registration period ended. As a result, the registration bag remained "open" and access to the cash was not restricted to one person. Also, the lack of a timely reconciliation between students registered and cash collected and deposited resulted in the missing cash remaining undetected for approximately nine months. Following the discovery that the cash was missing, the university implemented additional control procedures, including reassigning responsibilities of some employees in the Bursar's office. Campus police are currently investigating this matter.

We recommend that Southern University - Baton Rouge deposit all cash daily, perform timely reconciliations, and continue its efforts to improve its internal control structure. Management concurred that control procedures were violated and timely reconciliations were not performed. Management stated that adequate controls were in existence, but employees failed to adhere to prescribed procedures. However, management has taken steps to require that funds be deposited on the day collected and reconciliations be performed within 30 days after classes begin (B-171).

STATE EMPLOYEES GROUP BENEFITS PROGRAM**Electronic Claims Processing**

The Louisiana State Employees Group Benefits Program (SEGBP) has not established an adequate internal control structure over the new electronic claims processing system, Resource Information Management System (RIMS). An adequate internal control structure requires that controls be developed and maintained to ensure the integrity of the system and the information

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

it generates. Furthermore, no one employee should be placed in a position to both initiate and conceal errors or irregularities. The claims processing system is used to make approximately \$231 million of payments annually.

During our review of the system, we noted the following:

- At the time of conversion from the prior electronic claims processing system (DataPoint) to the new system (RIMS), plan members' claims histories were downloaded into RIMS. However, there was not a complete mapping between DataPoint claims codes and RIMS codes causing the RIMS to be unable, in some instances, to identify a claim as a duplicate if plan members or providers resubmit claims previously paid in DataPoint. These overpayments can only be identified if the plan member or provider recognizes that they have been overpaid and chooses to return the payment. Although numerous overpayments resulting from this conversion defect were returned to SEGBP during the year, the amount of the refunds was not accumulated. Management is not able to identify the plan members and providers to whom overpayments have been made and is not able to estimate the amount of the receivable which may still exist as a result of these overpayments. We identified \$329,999 of overpayments that occurred before June 30, 1995, and were returned within the 45-day year-end accrual period.
- Claims examiners have access to the RIMS that allows them to both input and adjudicate (pay) claims. False claims could be input and adjudicated through this incompatible access and not be detected in a timely manner. This condition occurred because RIMS is a packaged software program that management elected not to modify to prevent inappropriate access.
- Management of SEGBP has not established written agency procedures relating to security, operations, file maintenance, or modification made to the system. Without documentation of how the system operates, management of SEGBP cannot be sure that the system is operating as it was intended. Furthermore, without procedures governing access to the system, file maintenance, operations, and changes to the system combined with subsequent reviews for violations of procedures, management cannot be assured that use and/or modification of the system is occurring only in accordance with its wishes.

Management emphasis was not directed toward developing and implementing the necessary controls to safeguard the system. Failure to institute the necessary controls places the integrity of the system and the information generated by it at risk. In addition, if controls are weak, unauthorized individuals may have access to and the ability to read or alter information without anyone knowing the information has been accessed or altered.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

Management of SEGBP should establish procedures that will identify overpayments made during the conversion, eliminate incompatible access currently granted to claims examiners, obtain or develop documentation of the RIMS, and establish written procedures regarding security, file management, operations, and modifications to the system. In a letter dated November 21, 1995, Ms. Ann B. Davenport, Deputy Director, concurred that overpayments occurred during the computer conversion and stated that a report has now been generated that will identify these overpayments and that every effort will be made to collect any overpayments identified. Ms. Davenport concurred that claims examiners do have the ability to both input and adjudicate claims but does not feel that this condition needs to be corrected because RIMS is a packaged software program that is widely used by insurance companies and is designed to allow dual access. In addition, the system can generate reports to identify any claim entered and adjudicated by a claims examiner. Finally, Ms. Davenport concurred that the program does not have written procedures for operation, file maintenance, and modifications to the system but maintains that procedures relating to security do exist (B-203).

Additional Comments: A review for propriety of claims from reports identifying claims both entered and adjudicated by the same claims examiner would compensate for allowing inappropriate dual access. However, during the year under review, these reports were not generated nor reviewed for propriety. In addition, the procedure for changes to system access was the only written procedure regarding security that program personnel provided to us as a result of our inquiries on this matter.

UNIVERSITY HOSPITAL**Patient Charges**

University Hospital has not completed the development and implementation of effective written procedures to provide management with assurance that all charges incurred by patients are accurate and billed. Complete and accurate information on patient charges is needed to ensure that the hospital is maximizing revenue.

In our test of inpatient account charges for 24 patient accounts, the following deficiencies were noted:

1. Documentation of the screening information was not available for 2 of the 24 patient files. In addition, declaratory statements which serve as evidence of verification of income for indigent patients could not be located for 3 of the 4 indigent patients sampled.
2. Bills were not produced timely for 3 (15 percent) of the 19 patients requiring the issuance of bills. Final bills of the 3 patients were prepared in excess of 30 days following discharge.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure (Continued)

3. At our request, 21 of the 24 bills totaling \$114,417 were audited by the hospital's Coding and Revenue Enhancement Department. Those audits by the Coding Department revealed inaccuracies in 14 (66 percent) of the 21 bills. Of the \$114,417 billed, the audits revealed \$13,028 (11 percent) of overcharges and \$8,915 (8 percent) of undercharges amounting to a net variance of \$4,113 (3 percent).

Without effective procedures, management has no assurance that all services performed are billed to patients or that amounts billed to patients accurately reflect charges for services actually received.

Management of University Hospital should ensure that all charges for services and supply items are documented in the patients' medical records and are processed into the billing system. In addition, the hospital should establish written procedures for patient account information to provide assurance that violations of procedures are detected timely and records are properly maintained. Management concurred with the finding and recommendation. See management's response at B-211.

UNIVERSITY OF NEW ORLEANS

Receivables

For the third consecutive year, the University of New Orleans has not exercised adequate controls over receivables (including student receivables and nonstudent receivables other than grants and contracts) as follows:

1. Collection efforts on delinquent accounts are delayed because of the large volume of outstanding receivables. As a result, at June 30, 1995, there are \$243,120 of receivables that are between 91 days and 360 days delinquent and another \$791,324 of receivables that are more than 361 days delinquent.
2. The accounts receivable listings and files contain incomplete and unsupported information on certain debtors. Our sample of 45 student and nonstudent accounts revealed that the address on file is incorrect for one debtor and support for the receivables is incomplete or could not be provided for another three accounts.

Management is responsible for maintaining a system that adequately safeguards assets and results in the reporting of accurate financial data. Failure to provide such a system does not assure management that errors and/or irregularities are being detected in a timely manner.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Continued)

The University of New Orleans should continue to monitor the age and collectibility of all receivables on an ongoing basis and write off those it determines to be uncollectible, in accordance with university policy. Adequate procedures should be established to ensure that debtor supporting documentation and information are kept current. Management of the university concurred with the finding and recommendation and will implement the appropriate policies and procedures (B-89).

Segregation of Duties

The University of New Orleans has not provided adequate internal controls or segregation of duties over cash receipts in the college bookstore, the Metro-Downtown Center, and Student Housing. A good internal control structure should provide for segregation of duties to safeguard assets, ensure that accounting data is both accurate and reliable, and that errors and/or irregularities are detected in a timely manner.

In our review of the bookstore's handling of cash receipts, we noted the following instances of improper segregation of duties:

1. Cash registers may not always be balanced out each time one cashier is relieved by another cashier. Consequently, it is difficult to place responsibility for the contents of the register with one person.
2. An employee balances the registers and prepares the sales reports and the transmittals. Also, the same employee forwards the sealed deposits to the Bursar.
3. The Bursar does not verify the amounts when the deposits are received.

In our review of the Metro-Downtown Center, employees perform incompatible functions by receiving participants' fees and recording the transactions.

In our review of Student Housing, we found that the Accounting Services Department requested the internal auditors of the University of New Orleans to investigate missing cash at

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Reportable Conditions in
the Internal Control Structure (Concluded)

Student Housing. Their report, dated March 3, 1995, cited that during the period May 1, 1994, through October 31, 1994, missing cash receipts, totaling \$2,611, were identified. The University of New Orleans Police Department investigated the incident and turned the matter over to the New Orleans district attorney. The campus police and the district attorney found that the university did not have sufficient segregation of duties to identify the individual(s) responsible.

These internal control weaknesses over cash receipts increase the risk that errors and/or irregularities could occur and not be detected in a timely manner. In addition, management of the university cannot be assured that assets are safeguarded and that accounting data is both accurate and reliable.

We recommend that the University of New Orleans take steps to ensure adequate segregation of duties for all of its cash receipts functions. In a letter dated December 15, 1995, Mr. Daryl Hankel, Manager, Internal Auditing and System Development, stated that the respective department managers have revised procedures to ensure that there is a proper segregation of duties. In addition, internal auditing will follow up to ensure that procedures are adequate (B-91).

Timely Deposits

The University of New Orleans (UNO) Metro-Downtown Center is not depositing participant fees in a timely manner. University policies require that participant fees be deposited directly into the bank. Furthermore, management is responsible for maintaining an adequate internal control structure to safeguard university assets, to include the timely deposit of funds. We examined 282 receipts associated with 4 deposits, totaling \$93,515, and found that certain deposits were made as late as 55 working days from the date of the receipts with 83 percent of the receipts, totaling \$63,257, being deposited between 4 and 55 working days after the receipts were prepared. The center's personnel did not process receipts as they were received, thereby failing to follow university policies and procedures requiring the deposit of receipts directly into the bank. Failure to ensure that deposits are made directly into the bank in a timely manner could result in the loss of interest earnings and increases the risk that funds could be lost or stolen or that irregularities could occur.

We recommend that the UNO Metro-Downtown Center deposit its participant fees directly into the bank in a timely manner. Also, management should monitor its controls periodically to ensure that they are operating as intended. In a written response, dated December 15, 1995, Mr. Robert L. Dupont, Dean of the UNO Metropolitan College, concurred with the finding and recommendation and stated that deposits will be made the next day after receipt (B-92).

Schedule B

Reportable Conditions in the
Internal Control Structure
Applicable to Federal Financial
Assistance Programs
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs
For the Year Ended June 30, 1995

HEALTH AND HOSPITALS, DEPARTMENT OF

Rate Setting

For the fourth consecutive year, the Department of Health and Hospitals (DHH), Office of Secretary, set prospective reimbursement rates for clients in residential facilities, those facilities that contract with the Office of Mental Health and the Office of Alcohol and Drug Abuse, without having independently audited cost reports. In our tests of 1994 and 1995 residential contracts, we noted that DHH amended the contracts to include a requirement that an independent auditor render an opinion on the cost reports. However, the audited cost reports will not be available for establishing reimbursement rates until the 1996 contract year.

According to the DHH Rate Setting for Residential Care System Manual, all cost reports will be submitted in accordance with generally accepted accounting principles as well as state and federal regulations. The manual further states that the Medicare Provider Reimbursement Manual (HIM-15) is the final authority for rates set unless a provision in the Rate Setting Manual is more restrictive. While desk reviews of the cost reports are performed and the department has initiated corrective action to require audited cost reports for future calculations, the department does not have audited cost reports of the residential facilities for the fiscal year ended June 30, 1995, to ensure that the expenditures included in the cost reports are accurate and allowable under HIM-15. Given the magnitude of the state and federal funds, totaling \$4,261,383, required to reimburse 33 residential providers during the year, it is imperative that only audited data be used as a basis to set reimbursement rates.

The department should continue its efforts to obtain and use audited cost reports to establish reimbursement rates as soon as possible. In a letter dated July 12, 1995, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, concurred with the finding and recommendation and outlined the corrective action taken by the department (B-52).

LEONARD J. CHABERT MEDICAL CENTER

Commodities Inventory Records and Reports

Leonard J. Chabert Medical Center does not have adequate perpetual inventory records to control its commodities inventory received under the Food Distribution Program (CFDA 10.550) or adequate procedures for submitting monthly inventory reports. The Agreement for

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

Distribution and Use of Donated Food Commodities between the medical center and the Louisiana Department of Agriculture (LDOA) requires the medical center to maintain a perpetual inventory of all commodities and to submit an inventory report to LDOA by the tenth of each month. Also, an adequate internal control structure would require a method for accurately accounting for receipts, issues, and ending inventory of commodities.

The medical center maintains perpetual inventory records for commodities, but its accounting for items received and used is not adequate. Dietary employees are supposed to post receipts and usages of commodities to the records. However, we noted that in the month of September 1994, there was no entry for the receipt of commodities and in May 1995, not all of the commodities received were posted to the perpetual records. Furthermore, the medical center did not require that all requisition forms be maintained to document the removal of commodities from inventory. Finally, we noted that the medical center did not submit monthly inventory reports to LDOA for December 1994 and May 1995. Because insufficient emphasis was placed on recordkeeping, errors could result in the misuse or misreporting of commodities.

Leonard J. Chabert Medical Center should implement procedures to ensure that all commodities received are accurately posted to the perpetual inventory records, requisition forms are maintained, and monthly inventory reports are submitted to LDOA. In a response dated November 9, 1995, Ms. Ketti Breaux, Fiscal Director, concurred with the finding and recommendation and outlined the corrective action to be implemented by the medical center (B-56).

LOUISIANA STATE UNIVERSITY AT EUNICE**Pell Grant Awards**

Louisiana State University at Eunice made Federal Pell Grant Program (CFDA 84.063) awards in award year 1991-92 for which it has not yet received either funds or credit from the U.S. Department of Education (USDOE). The university has funded these awards with state funds while trying to receive federal funds or credit from the USDOE. In a review of its final Student Payment Summary Report for the award year 1991-92, dated May 21, 1993, the university identified 16 students that the USDOE listed for less than the actual calculated award amount. A review of the recipient and disbursement records does in fact support that these students were eligible for and did receive \$23,550 in Pell Grant awards. Section 487(c)(7) of the Higher Education Act permits an institution to receive credit or reimbursement for awards of Title IV Student Financial Assistance by the institution that were not previously recognized by the USDOE. Institutions may receive credit or reimbursement if those awards are disclosed in audits conducted pursuant to these regulations after December 31, 1988. The audit report for fiscal year ending June 30, 1995, is the first opportunity to report this finding.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

Louisiana State University at Eunice should immediately request reimbursement for these Pell Grant expenditures and should continue to make careful reviews of transactions as they are transmitted to the USDOE to avoid this situation in the future. In a letter dated November 10, 1995, Ms. Arlene Tucker, Vice Chancellor, Office of Business Affairs, concurred with the finding and recommendation and expressed that every effort was made by the university to obtain reimbursement for payments made to these eligible Pell Grant recipients (B-79).

PELTIER-LAWLESS DEVELOPMENTAL CENTER**Commodity Inventory Procedures**

Commodities inventory records within the Peltier-Lawless Developmental Center are not properly maintained to support reports prepared for submission to the distributing agency. The Code of Federal Regulations (7 CFR Chapter II, Section 250.16) states that an entity which contracts with a distributing agency, subdistributing agency, or recipient agency is required to keep accurate and complete records with respect to the receipt, distribution/disposal, storage and inventory of such foods similar to those required of distributing agencies. Where donated foods have been commingled with commercial foods, the processor is required to maintain records which permit an accurate determination of the donated food inventory.

We reviewed the submitted reports for two months during fiscal year 1995 and noted several discrepancies between the report information and the backup inventory records maintained by the center. The following discrepancies were noted in the inventory records:

- Commodity sign-out sheets did not reflect the proper activity for items used during the month.
- The monthly physical inventory count did not agree to the Commodity Inventory Report ending balance calculated using sign-out sheets and Order Acknowledgment Forms from the Department of Agriculture. In order to agree the physical count to the Commodity Inventory Report, the "used" amount on the report was modified with no investigation of the cause of the discrepancy; thus, it cannot be determined whether the discrepancies were caused by errors or irregularities.

Peltier-Lawless Developmental Center should develop and implement procedures to ensure that inventory usage and records are properly reported and maintained. Failure to maintain proper inventory records results in inaccurate reports being submitted to the distributing agency. Management of the center concurred with the finding and recommendation. See management's response at B-126.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

PUBLIC HEALTH, OFFICE OF

Food Vendor Controls

The Office of Public Health (OPH) has not developed policies and procedures to ensure that food vendors for the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) are charging for food packages in accordance with the WIC Grocer's Price Report Sheet. A good internal control structure should include control procedures that include review of amounts being charged by food vendors to detect possible price violations and errors and/or irregularities in a timely manner.

In our test of 55 food instruments, we noted that there is a wide difference in amounts that food vendors charge for the same food packages. For the BL02 food package, vendors' total charges ranged from \$71.80 to \$111.32, a 56 percent difference; for the BL04 food package, vendors' total charges ranged from \$65.24 to \$104.05, a 60 percent difference; for the GR02 food package, vendors' total charges ranged from \$14.65 to \$25.09, a 72 percent difference. Because OPH has not developed internal control policies and procedures to review amounts being charged by food vendors and to take appropriate action against food price violations, the office cannot be assured that WIC is being charged for food packages in accordance with the WIC Grocer's Price Report Sheet and that errors and/or irregularities are detected in a timely manner. The value of the WIC food instruments for the fiscal year ending June 30, 1995, was \$74,843,529.

We recommend that OPH develop policies and procedures to identify food vendors charging in excess of the Grocer's Price Report Sheet for food packages. In addition, these policies and procedures should address food price violations. In a letter dated August 22, 1995, management of OPH concurred with the finding. A computer program has been developed to identify grocer overcharges, and written procedures are in place to address food price violations (B-130).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

SOCIAL SERVICES, DEPARTMENT OF**Cash Controls - Title IV-D Program**

The Department of Social Services, Office of Family Support, Child Support Enforcement Program (CFDA 93.563, Title IV-D) does not have adequate internal controls over cash in the New Orleans Regional Office. The Code of Federal Regulations (45 CFR 302.20) requires the department to maintain methods of administration designed to ensure that persons responsible for handling cash receipts do not participate in accounting or operating functions that would permit them to conceal the misuse of collections in the accounting records. An adequate control structure also requires that cash be safeguarded at all times.

We conducted reviews of the cash function in 3 of 12 regional offices and noted the following at the New Orleans Regional Office:

- Data entry operators who post client subsidiary records also received cash during the year.
- Receipts were not always issued in numerical order.
- Originals of voided receipts were not retained in the receipt book.
- Originals of receipts are missing although the copies do not indicate the receipt was ever filled out.
- Both the originals and copies of some receipts are missing.
- Carbon copies of receipts were altered.
- Receipts were not always completely filled out, including many instances where the type of payment (cash, check, or money order) was not indicated. Some receipts did not contain sufficient information for us to determine to what account the payment should be posted.
- One payment was not posted to the client's account.
- The type of payment (cash, check, or money order) did not always agree with the type posted in the client's subsidiary records.
- Deposits of cash were not reconciled to the cash receipt books to ensure that all cash was deposited.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

- Deposits were not reconciled to postings to client accounts to ensure that clients were credited for their support payments.
- Receipts were not posted to client accounts in a timely manner.
- Pay-in vouchers were not used in numerical order.
- Pay-in vouchers contained errors and/or did not agree to the computer batches intended to support the amount of the deposit.
- Pay-in vouchers were not always reviewed and approved by a supervisor.

These internal control weaknesses over cash collections occurred because of a lack of communication between regional office management and the employees handling cash and resulted in 51 debit and credit memoranda with a value of \$11,877 being issued by the bank during the 1994-95 fiscal year. Furthermore, there are unexplained differences of \$8,697 between the pay-in vouchers and the documentation intended to support the deposits. Because of the lack of segregation of duties and the numerous weaknesses in the control structure enumerated above, there is an increased risk that other errors and/or irregularities have occurred that remain undetected.

The Department of Social Services should immediately segregate the duties of cash receipt and posting of client accounts and establish and enforce procedures that will correct the noted deficiencies and ensure there are adequate internal controls over cash as required by 45 CFR 302.20. Furthermore, the department should conduct a review sufficient to determine if all cash received was deposited and to establish whether irregularities have occurred. In a letter dated November 9, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with most points of the finding. Mr. Joseph does not believe that the points relating to proper posting of the type of receipt (cash, check, or money order), the reconciliation of receipt books to the deposit, and the reconciliation of deposits to postings of the client accounts should be reported as findings since they are not specifically required by the SES Policy Manual. However, he accepts that these procedures would be required by sound business practice and agrees to take corrective action on these matters as well as the others (B-150).

Foster Care - Title IV-E Payments

For the second consecutive year, the Department of Social Services, Office of Community Services, did not consistently adhere to its procedures for making payments under the Foster Care - Title IV-E Program (CFDA 93.658). Sections 5-100 and 12-100 of the department's Tracking Information and Payment System (TIPS) Procedural Manual require that service authorizations be prepared and approved for room and board payments to be made and that

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

receipts or other documentation be filed in the client's records for expenditures made by foster parents on behalf of foster care children.

We reviewed a total of 50 payments and found 3 instances (6 percent), totaling \$801, in which the required documentation was not in the client's payment records. Two of these payments involved room and board payments and one involved a respite care payment. These conditions may be attributed to poor recordkeeping practices. Failure to follow prescribed procedures could result in unallowable, unauthorized, or duplicate payments.

The Office of Community Services should immediately require all foster care workers to adhere to the TIPS Procedural Manual by maintaining documentation of payments in the clients' payment records. In a letter dated September 8, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, stated that the Office of Community Services concurred with the finding and recommendation. See management's response at B-156.

Rate Setting

For the fourth consecutive year, we found that the Department of Social Services, Office of the Secretary, set prospective reimbursement rates for clients in residential facilities using cost reports that are strictly the representation of facility management and that have not been independently audited and/or reviewed by the department to ensure that costs are accurate and allowable.

According to the agreement between the state and the provider, the cost reports are to be prepared in accordance with generally accepted accounting principles and state and federal regulations. The agreement further states that the Medicare Provider Reimbursement Manual (HIM 15) is the final authority on allowable costs. While desk reviews of the cost reports are performed to ensure costs are allowable under HIM 15 and/or departmental requirements, the department does not have a mechanism in place to audit and/or review the records of the residential facilities. Given the magnitude of the state and federal funds [Child Welfare Services - State Grants (CFDA 93.645); Foster Care, Title IV-E (CFDA 93.658)], totaling approximately \$16,220,794, required to reimburse 67 residential providers during the year, it is imperative that only allowable and accurate data be used as a basis to set reimbursement rates. Since the department's current procedures are not adequate, there exists a risk of overpayments to residential care providers.

Effective August 9, 1993, a contract was awarded to the University of Southern Maine to develop and implement a new rate setting system. As a result of the work of the consultant, a new system is in place for computing reimbursement rates. However, the department still used unaudited cost reports in the rates computed for the fiscal year ending June 30, 1995. The department has obtained audited cost reports for the fiscal year ended June 30, 1994, which will be used to determine the reimbursement rates for the fiscal year ended June 30, 1996.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

The Department of Social Services, working in conjunction with the state and federal government, should proceed to set reimbursement rates using audited cost reports as soon as possible. Until audited cost reports are used, the department, through alternative methods, should ensure that expenditures included in the cost reports are accurate and allowable. In a letter dated August 15, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and recommendation and outlined a plan of corrective action to be implemented by the department (B-164).

**SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS**

Federal Perkins Loan Notes Receivable

For the third consecutive year, the Southern University System's Shreveport-Bossier City campus did not maintain adequate internal controls over the recording of Federal Perkins Loan notes receivable transactions. Good internal controls require that adequate procedures be in place to ensure that loans, loan payments, and loan cancellations are posted timely and accurately to the subsidiary ledger. These procedures should include periodic reviews of account balances to ensure all entries are properly recorded, authorized, and agree to supporting loan records. Our test of 42 notes receivable accounts disclosed that supporting documentation for 18 accounts did not agree to the subsidiary ledger, and 10 promissory notes were not posted to the subsidiary ledger. Also, management has taken little action during the 1994-95 fiscal year to correct a prior year unidentified difference of approximately \$100,000 between the subsidiary ledger and supporting records. This difference has increased to approximately \$130,000 at April 30, 1995. According to university personnel, this difference represents unidentified entries and adjustments made in prior years to notes receivable accounts in the subsidiary ledger.

Failure to maintain an adequate system of controls over notes receivables results in management's inability to ensure that all notes receivables are properly recorded, complete, and accurately reported on the university's financial statements. Failure to maintain accurate account balances could result in the under or over collection of student notes receivable.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Continued)

The university should make every effort to identify the transactions making up the unidentified difference in Federal Perkins Loan notes receivable, should take appropriate action to correct the subsidiary ledger, and should periodically review account balances to ensure that all entries are properly recorded. Management concurred with the finding and recommendation. See management's response at B-194.

Unauthorized Student Loans

The Southern University - Shreveport-Bossier City campus over-awarded Federal Perkins Loans by \$131,250 and used state funds to cover the over-award amount. The use of state funds for this purpose results in a violation of Article 7, Section 14(A) of the Louisiana Constitution which states, in part, that funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The over-award occurred because the university did not properly calculate funds available for Perkins Loans and did not post all loan transactions to the general ledger timely. Good internal controls require that funds available for loans be properly calculated before loans are made and that loan transactions be posted to the general ledger in a timely manner.

In May 1995, the Baton Rouge campus Comptroller's Office identified that Perkins Loans given to students on the Shreveport-Bossier City campus for the 1994 fall and 1995 spring semesters exceeded the funds available for that purpose. The Shreveport-Bossier City campus Financial Aid Office incorrectly calculated the amount of federal funds available for student loans resulting in the university loaning \$131,250 more than was available under the Perkins Loan Program. The Baton Rouge Comptroller's Office also determined that these loans had not been posted to the general ledger as of May 1995. To cover these loans, the university transferred from various restricted and auxiliary accounts of the university, state funds that were not authorized for the purpose of making loans.

We recommend that the university strengthen policies and procedures to ensure that funds available for loans are properly calculated before the loans are made, post loan transactions timely to the general ledger system, and cease making loans from unauthorized funding sources. The university should also seek alternative funding sources for these loans and repay the various restricted and auxiliary accounts. Management concurred with the finding and recommendations. See management's response at B-196.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in the
Internal Control Structure Applicable to
Federal Financial Assistance Programs (Concluded)

UNIVERSITY OF SOUTHWESTERN LOUISIANA

Federal Perkins Loans

The University of Southwestern Louisiana awarded loans to students in excess of cash amounts available in the Student Loan Fund for the Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038). The financial aid office approved loans to students based on the U.S. Department of Education approved level of expenditures, rather than on the available cash in the Federal Perkins Loan Program. Our audit procedures disclosed that the university did not have adequate cash management procedures in place to avoid awarding student loans in excess of available cash. During the year ended June 30, 1995, the university loaned students \$1,774,713 of Perkins student loans, which was \$583,709 in excess of available cash.

The University of Southwestern Louisiana should improve its cash management procedures in the Student Loan Fund to properly estimate the amount of cash available for Perkins student loans to ensure that loans are not awarded in excess of available cash. Management of the university concurred with the finding and recommendation and has implemented procedures to resolve this finding (B-212).

Schedule C

Noncompliance With
Laws and Regulations
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
For the Year Ended June 30, 1995

EXECUTIVE DEPARTMENT

**Fund Balance Requirements -
Patients' Compensation Fund**

For the fourth consecutive year, the Executive Department, Patients' Compensation Fund Oversight Board, did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana law. Louisiana Revised Statute 40:1299.44(A)(6)(a) requires that a surplus of 50 percent of the annual surcharge premiums, reserves established for individual claims, reserves established for incurred but not reported claims, and expenses be maintained in the fund.

For the fiscal year ended June 30, 1995, the accumulated balance of surcharges, reserves, and expenses is estimated to be approximately \$470 million, which under Louisiana law would require a fund balance of approximately \$235 million. As of June 30, 1995, the actual fund balance was approximately \$58 million, resulting in a shortfall of \$177 million. This shortfall resulted from practices in effect before the Patients' Compensation Fund Oversight Board was created, whereby rates for medical malpractice premiums were not set based on experience ratings, including historical losses, interest payments, and future medical amounts.

We recommend that the board maintain an adequate rate level to achieve the 50 percent surplus requirement over a reasonable period of time. Management of the board concurred with the finding and recommendation. See management's response at B-23.

Rural Development Program

The Executive Department, Office of Rural Development (office), did not comply with certain provisions of the Louisiana Rural Development Law. Louisiana Revised Statute (LSA-R.S.) 3:323(C)(1) requires that all projects or activities funded must be related to the revitalization of a designated rural area, as defined in LSA-R.S. 3:313. This statute defines rural areas as parishes within the state having less than one hundred thousand population or municipalities within the state having less than twenty-five thousand population. The office violated state law when it disbursed Rural Development funds to three parishes with populations in excess of 100,000 as follows:

1. Caddo Parish Commission - \$60,000
2. Calcasieu Parish Police Jury - \$50,496
3. St. Tammany Parish Police Jury - \$40,000

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

We also determined that the office did not adopt rules and regulations governing the use of Rural Development funds in accordance with the Louisiana Administrative Code. LSA-R.S. 3:323(B) requires the office to adopt rules and regulations governing the use of these funds and any program or funding action that it implements before the initiation of the program or funding action. All rules and regulations must be adopted in accordance with the Administrative Procedure Act with legislative review by the House and Senate Agricultural Committees. The office adopted an emergency rule on September 20, 1991, which was effective for only 120 days as authorized by LSA-R.S. 49:954(B)(2).

In addition, the office did not adopt adequate procedures to document the monitoring of the projects to ensure that recipients of Rural Development funds expend the funds in accordance with program requirements. The office has four employees assigned full-time to monitor the Rural Development projects. However, the project files do not contain reports or other documentation of the work performed by these employees as evidence of monitoring activities. Good internal controls require documentation and reporting of activities and transactions to safeguard assets and ensure adherence to management's policies and procedures.

We recommend that the office comply with all provisions of the Rural Development Law and Louisiana Administrative Code and adopt procedures requiring documentation of work performed in monitoring Rural Development projects. Management concurred with the finding and recommendation. See management's response at B-25.

GRAMBLING STATE UNIVERSITY**Investment Compliance**

For the second consecutive year, Grambling State University holds securities with maturity dates beyond those allowed by law, although the amount has been reduced by approximately \$400,000 since July 1, 1994. Louisiana Revised Statute (LSA-R.S.) 49:327(B)(2) states, in part, that investments shall mature on dates determined by prudent judgment to generate a favorable return and that will allow the monies to be available for use when the monies will be needed. However, the maturity of securities considered general funds cannot exceed 5 years from date of purchase. For monies invested from special funds, the maturities cannot exceed 10 years from date of purchase.

We examined the 33 securities outstanding at June 30, 1995. There were 7 instances (21 percent) where the university violated LSA-R.S. 49:327(B)(2) as identified in the following table. These extended maturity dates, along with fluctuating interest rates, had a direct effect on the decline in market value identified on the following page.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**
Noncompliance With Laws and Regulations
(Continued)

<u>Fund</u>	<u>Maximum Maturity Allowed</u>	<u>Book Value in Violation</u>	<u>Market Value at June 30, 1995</u>	<u>Decline in Market Value</u>	<u>Maturity of Actual Securities Outstanding</u>
General	5 Years	\$644,703	\$567,710	\$76,993	7-28 Years
Auxiliary	10 Years	717,675	692,382	25,293	13-29 Years
Plant	10 Years	130,039	119,717	10,322	22 Years
Total		<u>\$1,492,417</u>	<u>\$1,379,809</u>	<u>\$112,608</u>	

Because of market conditions, management has not fully divested itself of these securities, resulting in noncompliance with state law. Also, there is an increased risk of losses due to extended maturity dates and fluctuating interest rates.

We recommend that Grambling State University ensure that all future investments comply with the maturity limitations outlined in the statutes. In addition, we recommend that management examine the existing securities and consider the most prudent action to take to comply with the statutes. In a letter of response dated October 2, 1995, Mr. Howard Craig, Vice President for Finance, stated that management concurred with the finding and that various policies and procedural changes that should reasonably ensure full compliance with state laws regarding investments have been implemented. In addition, the university will continue to aggressively pursue prudent opportunities to liquidate the cited investments to comply with state statutes, without realizing any loss of state funds (B-31).

HEALTH AND HOSPITALS, DEPARTMENT OF

Time and Attendance Records

For the second consecutive year, the Department of Health and Hospitals did not have adequate internal control procedures to ensure compliance with the state Civil Service rules and regulations relating to the certification of employee time and attendance records. An adequate system of internal control and Civil Service Rule 15.2 require the employee and supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. This would minimize the risk that time and attendance records are processed for nonexistent or former employees or that these records are processed with incorrect hours worked and/or leave taken.

In our test of 21 timekeeping units for the pay periods ending August 14, 1994, through February 12, 1995, we noted that 9 employees had certified their own time and attendance records and there was no certification of one employee's time and attendance record.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

The department should instruct all timekeepers that all time and attendance records contain the appropriate certifications before they are processed into the On-Line Time and Leave Entry System. In addition, the timekeepers should return any time and attendance records with missing signatures for correction before paychecks are issued. In a letter dated September 6, 1995, Mr. Stan Mead, Director, Division of Fiscal Management, stated that the department concurred with the finding and has taken action to implement the recommendation (B-53).

LEONARD J. CHABERT MEDICAL CENTER**Controls Over Disbursements**

Leonard J. Chabert Medical Center does not have adequate internal control procedures to ensure that proper approval of professional service contracts is obtained and that adequate documentation exists before the payment of invoices. Louisiana Revised Statute (LSA-R.S.) 39:1502 provides that a contract is neither valid nor will the state be bound by the contract until it is first approved in writing by the director of the Office of Contractual Review (OCR). In addition, Louisiana Administrative Code (LAC) 34:V.121(A) requires that contracts are to be submitted before their effective dates to the OCR, and no contract will be approved which has been submitted 60 days after its effective date unless written justification is submitted with the contract. Also, LAC 34:V.121(G)(1) requires that certain contracts be approved by the Department of Civil Service. Finally, prudent business practices require that all disbursements be properly reviewed, approved, and contain adequate documentation to support the invoices before payment. Our review of controls over disbursements disclosed the following:

1. For the second consecutive year, in a test of 11 contracts, the medical center made payments of \$2.2 million on professional service contracts before their approval by the OCR and the Department of Civil Service.
2. In other audit procedures, we discovered that the medical center made payments of \$370,690 for professional services without obtaining and submitting contracts for approval to the OCR and the Department of Civil Service. In addition, of the \$370,690, payments totaling \$292,120 were coded to "Operating Services - Miscellaneous" rather than "Professional Services."
3. The medical center paid \$1.8 million for professional services to a medical association based on invoices that did not contain the date, number of hours billed and hourly rate, or an adequate description of the work performed.
4. Payments totaling \$128,374 were made without the approval of management outside of the fiscal section who would have knowledge that the services were indeed rendered.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

Because of these weaknesses, coding errors and noncompliance have occurred and the risk increases that other errors and/or irregularities could occur and not be detected in a timely manner.

We recommend that the medical center take immediate steps to ensure that adequate controls are established and that laws and regulations are adhered to for all of its disbursement functions. In a response dated November 13, 1995, Ms. Ketti Breaux, Fiscal Director, concurred with the finding and recommendation and outlined the corrective action to be implemented by the medical center (B-57).

NORTHWESTERN STATE UNIVERSITY**Attendance Reports Required**

Northwestern State University does not require its adjunct professors, cooperating teachers, and supervising teachers (unclassified) to complete daily attendance reports. The University of Louisiana System Board of Trustees for Colleges and Universities policies and procedures Chapter III, Section XXI C.3., states in part, "Daily attendance and leave records shall be maintained for all unclassified employees." These employees were paid \$1,230,908 during the year ended June 30, 1995, and were only required to prepare exception reports. University management misinterpreted the board's reporting requirement by using an exception method for reporting attendance. As a result, the university is in noncompliance with the board's policy. In addition, without sufficient controls in place to document the time worked by these employees, university assets could be abused and/or misused.

We recommend that the university comply with the Board of Trustees' policy by requiring all unclassified employees to complete the required attendance reports, to include signatures by the employee and supervisor to support the hours worked. In a letter dated August 4, 1995, Dr. Robert A. Alost, President, stated that the university has developed and implemented a time and attendance reporting system for these employees effective with the summer semester of 1995 (B-103).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

ORLEANS LEVEE DISTRICT**Bonding and Liability Insurance**

The Orleans Levee District failed to obtain bonding and liability insurance for its police force as required by state law. Louisiana Revised Statute (LSA-R.S.) 38:326(A) requires each police officer to execute a bond in the amount of ten thousand dollars in favor of the State of Louisiana for the faithful performance of duties. The premium on the bond should be paid by the district. In addition, this statute requires the district to obtain liability insurance in an amount appropriate to the district. At June 30, 1995, the district employed over 55 police officers responsible for maintaining order and exercising general police power within the area of the district, including both on and off levees, and upon its surrounding waters. The district has been trying to obtain bonding and liability insurance, but it has not been successful in its attempts. Without the necessary bonding and liability insurance coverage, the district is exposing itself to possible loss of funds that may result from lawsuits because of action taken by levee district police.

We recommend that the district obtain the required bonding and liability insurance. In a letter dated September 8, 1995, the director of the district concurred with the finding and recommendation. See management's response at B-107.

Data Processing Procurement

During the year ended June 30, 1995, the Orleans Levee District purchased \$89,846 of computer hardware without issuing a request for proposals (RFP) or an invitation to bid as required by state law. Louisiana Revised Statute (LSA-R.S.) 38:2234-7 requires political subdivisions to lease, rent, or purchase data processing equipment through either a request for proposals or an invitation to bid. Although a request for proposals was issued by the district's computer consultant for the software portion of a new financial management system, pricing for computer hardware was not included in the RFP. Furthermore, management of the district was not aware that the computer consultant included computer hardware in the purchase order. Failure to request proposals or invite bids denies other vendors the opportunity to provide the equipment and may result in the failure to obtain the lowest possible price.

We recommend that the district comply with state law when purchasing goods or services. In a letter dated September 12, 1995, the director of the district stated that the procurement of the computer hardware was dependent on the software requirement, and the software was acquired through a formal Request for Proposal process. Furthermore, the district's legal counsel stated that state statutes permit the utilization of a Turn-Key acquisition whereby vendors and equipment are on state contract (B-108).

Additional Comments: An addendum to the Request for Proposal specifically stated that "only software is required from the vendors." The district elected not to use the services of the district's purchasing department or State Purchasing or to follow the terms of established state

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

contracts. The \$89,846 computer hardware acquisition was not made from state contracts; therefore, the hardware should have been bid in accordance with state law.

Donation and Loan of Public Funds

The Orleans Levee District gave an independent contractor a \$2,000 retroactive increase in her base pay for work already performed. In addition, the district pays this contractor in advance for work to be performed during the subsequent semi-monthly period. The Louisiana State Constitution of 1974, Article 7, Section 14(A) states in part that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, donated to or for any person, association, or corporation, public or private. On September 22, 1994, the director of the district informed this contractor that for fiscal year 1994, she would receive a \$2,000 cost-of-living increase, immediately, and thereafter, her base pay would reflect an annual five percent cost-of-living increase. In our opinion, the \$2,000 payment is considered a donation of public funds, and the advance payments for work to be performed during the subsequent semi-monthly periods are considered loans of public funds.

Furthermore, there is the possibility that an employer-employee relationship exists between the district and the individual with whom they have contracted. Internal Revenue Service (IRS) regulations state that an individual who performs services subject to the will and control of an employer is an employee for withholding purposes. Therefore, if an employer-employee relationship exists, the district could be subject to additional taxes and penalties.

We recommend that the district ensure that payments are made only for work that has been accomplished and review IRS regulations to determine if an employer-employee relationship exists. In a letter dated August 30, 1995, the managing director of the district informed us that he considers the retroactive payment to be for additional work performed in the retroactive period. Although he considers the contractor to be engaged in a sufficiently independent manner, the district will investigate the possibility of an employer-employee relationship. In addition, the district will address the advance payments made for work performed during subsequent semi-monthly periods (B-110).

Additional Comments: At the time of the \$2,000 retroactive increase, the district referred to the payment as a one-time increase in base pay for the previous fiscal year. We consider this to be a donation, and, therefore, prohibited by Article 7, Section 14 (A) of the Louisiana Constitution of 1974.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

Ethics Violation

A computer consultant firm that has a professional service contract with Orleans Levee District may have violated provisions of the Louisiana Code of Governmental Ethics by participating in a transaction in which they had a personal substantial economic interest and which they should be reasonably expected to know involved the governmental entity. Louisiana Revised Statute (LSA-R.S.) 42:1112 states that a public servant shall not participate in a transaction involving the governmental entity in which they have a personal substantial economic interest. Attorney General Opinion 84-706 provides that a consultant can be held as a public servant because of the functions performed for the governmental entity. On behalf of the district, the computer consultant developed the Request for Proposals (RFP) for the Financial Management Software and recommended the selection of the software vendor. In our opinion, the consultant can be held as a public servant because of this transaction. Therefore, when the computer consultant entered into a Reseller's Agreement, allowing commissions, with the recommended software vendor, the consultant may have violated the provisions of the Louisiana Code of Governmental Ethics. While the computer consultant apparently had not received any commissions by the end of the fiscal year, the Reseller's Agreement has provisions for commissions that could be received in the future. Also, management of the district was not aware of the Reseller's Agreement and may not have received either the best software or the best price.

The district should seek an opinion from the Louisiana Ethics Commission to determine if the computer consultant has violated provisions of the Louisiana Code of Governmental Ethics. In a letter dated September 19, 1995, the director of the district does not feel that there was an actual economic interest by the consultant and that the agreement allowed the consultant to work directly on the software system applications and to realize real savings in acquisition costs (B-113).

Incompatible Offices

The Board of Commissioners of the Orleans Levee District violated Louisiana law by appointing several of its own members to the FloodComm Corporation, a public benefit corporation, over which it has the power of appointment. Louisiana Revised Statute (LSA-R.S.) 42:64(A) prohibits a person from holding incompatible offices where the incumbent of one office, whether or not in conjunction with fellow officers, has the power to appoint or remove the incumbent of the other office. In addition, LSA-R.S. 42:3 limits the term of office of all officers to the term of office of the membership of the board electing them so that each respective board shall elect its own officers and employees.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

The board created FloodComm Corporation to facilitate the long-term development of a contiguous fiber optic cable system to enhance hurricane and flood protection in the Parish of Orleans. At the same time, the board appointed several of its own members to serve on the board of FloodComm Corporation for terms of office exceeding the terms of office of the Board of Commissioners of the Orleans Levee District. In Opinion Numbers 94-471 and 94-471(A), the attorney general opined that the Board of Commissioners of Orleans Levee District could not appoint its members to a board over which it has the power of appointment and could not name board members to a term that extended beyond the membership of the Board of Commissioners of the Orleans Levee District. The opinion also stated that the members of Orleans Levee District appointed to serve as officers of the FloodComm Corporation are de facto officers, and their acts are considered valid and have effect until such time as their title is directly attacked and held invalid. As a result, the "de facto" directors of FloodComm may take action that future Boards of Commissioners of the Orleans Levee District may not accept. Also, future boards may have to take action to remove the "de facto" directors of FloodComm.

The Board of Commissioners of the Orleans Levee District should not appoint any of its members as directors of FloodComm and should limit those directors to terms of office that do not exceed those of the members of the Board of Commissioners of the Orleans Levee District. In a letter dated August 29, 1995, the managing director referred to an attached undated memorandum prepared by the district's Acting General Counsel. This memorandum states, in part, ". . . the Board of Directors of FloodComm Corporation met on July 19, 1995 for the purpose of accepting the resignation of all Directors who were also Commissioners of the Orleans Levee District. The resignations are effective upon the selection of their replacements. The de facto Directors intend to take no substantive action prior to being replaced. . . . The OLD will comply with the decision of the Attorney General as to the duration of the Directors' term." See management's response at B-115.

Legal Services Contracts

For the second consecutive year, the Orleans Levee District did not comply with state attorney general guidelines or the district's established policies with regard to certain legal services contracts. The instances of noncompliance include the following:

1. The district could not provide evidence of written contracts for \$152,272 of legal services provided by six of eight law firms included in our sample. Good business practices and the district policies require the district to obtain written agreements for its legal services. Without written contracts, the district lacks documentation to substantiate that payments made were agreed upon by both parties and were for specific services requested by the district. In addition, budget control for professional legal services cannot be monitored as a planning device.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

2. The district paid hourly rates for professional legal services to three of its outside attorneys in excess of those approved by the attorney general. An attorney general memorandum, dated January 30, 1992, stated that the approved maximum hourly fee for professional legal services is \$150 per hour for attorneys having experience of ten years or more in the practice of law. Also, contained in that memorandum is the maximum rate per hour for law clerks set at \$25 per hour. The district must receive authorization from the attorney general to pay in excess of the maximum hourly fee. The district paid \$265 an hour for 41.85 hours to one attorney, \$175 an hour for 23.5 hours to a second attorney, and \$45 an hour for 21.5 hours for a law clerk. The district did not receive permission to pay a total of \$5,830 in excess of the approved hourly rates for legal matters handled by these attorneys and the law clerk.

With regard to legal services obtained and paid by the district, we recommend that the district (1) ensure that its policy for written contracts for professional legal services be followed in the future, and (2) review the invoices for professional legal services to ensure that the fees charged do not exceed the authorized rate, unless there is an approval from the attorney general for each legal matter handled by outside attorneys. In a letter dated September 12, 1995, the director of the district concurred with the finding and recommendation. See management's response at B-120.

Professional Services Contracts

The Orleans Levee District does not maintain adequate internal controls over its professional services contracts. In our consideration of the internal control structure, we noted the following weaknesses:

1. During the year ended June 30, 1995, the district spent \$65,879 for professional services without a current signed contract. Good business practices and the policies of the district require the district to obtain written agreements for its professional services. A legislative consulting firm who had contracts with the district in the past was paid \$40,239 over eight months without a signed contract being executed. Also, the district paid \$25,640 to a certified public accountant (CPA) prior to a contract being executed. The contract was signed on May 25, 1995, with the agreement being effective August 1, 1994. Without written contracts, the district lacks documentation to substantiate that payments made were agreed upon by both parties and were for specific services requested by the levee district.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Noncompliance With Laws and Regulations
(Continued)

2. The term of a professional services contract with a public relations consultant extended three years past the term of office of the majority of the commissioners of the district. In addition, the contract did not contain a clause for the termination of the contract without cause. Louisiana Revised Statute (LSA-R.S.) 42:3 limits the term of office of all employees or officials elected by a board to the term of office of the membership of the board electing them. Attorney General Opinion 92-52 states that it was the intent of the legislature in enacting the above statute to allow each newly appointed board the opportunity to elect its own officers and employees during their term of office. In addition, prudent business practices require that professional service contracts include a cancellation clause which will allow either party to the contract to prematurely terminate the contract, without cause, after giving a notice of intent within a specified time, such as 30, 60, or 90 days prior to termination. The district entered into a public relations services contract that extends from June 1, 1994, through December 30, 1998, with fees of \$90,000 for the first year and annual increases of ten percent per year. Also, a provision in this contract states that "this contract shall be binding upon the successors and assigns of the respective parties hereto." The terms of the contract and the lack of a cancellation clause attempts to obligate future boards of commissioners who may want to terminate this contract and sign an agreement with a different public relations consultant.
3. As reported in our prior year audit, the district paid \$260,000 as a six-month advance to a computer consulting firm. During this six-month period, the consultant submitted three monthly invoices totaling \$129,996 for August, November, and December 1994. These invoices referenced a multi-year facility maintenance contract but apparently were for services originally scheduled to be provided in the second and third years of the contract. As discussed in item 4, the district eventually signed twelve supplemental agreements covering these and other services, paid for these services and subsequently received a credit of \$129,979, on July 7, 1995, against these invoices. However, these three payments were made before supplemental agreements were signed and were submitted to the district's director for approval and payment, bypassing the normal internal control procedures over contract payments.
4. The district paid \$437,174 during the year for additional computer consulting services under twelve supplemental agreements totaling \$658,068 before they were signed on June 29 and 30, 1995. In addition, we noted that a comparison of the remaining amounts in the supplemental agreements and the amounts paid based on three invoices dated June 28, 1995, indicated that the district paid \$15,981, \$5,259, and \$12,867 in excess of three of the supplemental agreements. All of these invoices were also submitted to the district's director for approval and payment, bypassing the normal internal control procedures over contract payments. The district apparently paid the additional amounts without a

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Noncompliance With Laws and Regulations
(Continued)

detailed analysis of supporting invoices and comparison to work for which payment was already made. Because the district does not adequately monitor these contracts, there is an increased risk that the district will pay for services that do not meet its needs, were never rendered, or do not fulfill the terms of the contract.

5. Finally, we noted that the district did not have its contracts with the management consultant and the computer consultant approved by the Department of Civil Service. Civil Service Rule 3.1(o) requires that contracts for personal services be reviewed and approved or disapproved by the Department of Civil Service in advance of their effective date to ensure that such agreements do not provide for the performance of such services which could and should be performed by classified employees.

We recommend that the district ensure that payments for professional services are only made based on contracts that are in writing, include termination clauses, do not extend past the term of the commissioners of the district, and have been reviewed and approved in advance of the effective dates by Civil Service. In addition, payments should not be made in excess of limits included in approved contracts and change orders. In a letter dated September 22, 1995, Mr. Theodore Lange, Director of the Orleans Levee District, stated that all payments were made within annual approved budget allocations. To improve the administration and control over professional contracts, Finance will prepare a new report which will be reviewed monthly by executive management and quarterly by the Finance Committee. The Acting General Counsel will review the contract for the Public Relations Consulting Services. He further stated that the district's president has advised that all professional consulting service contracts be reviewed and revised regarding a cancellation clause that includes wording for termination from "at will" to "for cause." In the next annual contract year, the consulting services will reflect work on approved major tasks and monthly billings processed within approved budget allocations, supporting detail documentation and progress by milestones achieved. The district has received the approval from Civil Service on the computer consulting services, and the approval for the management consultant will be addressed again to state Civil Service (B-122).

Additional Comments: Our recommendation that all contracts include a termination clause did not indicate that the termination should be "for cause." The standard termination clause usually reads, "this contract may be terminated by either party with a 30 day written notice." To limit termination to a "for cause" criteria restricts the authority of future boards to cancel contract that may not be financially in the best interest of the district.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

Public Bid Law

The Orleans Levee District approved a change order to a public works contract totaling \$450,000 for work that was outside the original contract. According to Louisiana Revised Statute (LSA-R.S.) 38:2212(A)(6), "Any change order outside the scope of the contract in excess of the contract limit (\$50,000) as defined herein shall be let out for public bid as provided by this Part." The original contract called for renovations mainly to the interior of the Lake Vista Community Center for a cost of \$530,499. A change order to that contract for \$450,000 was approved for construction of new improvements, including outside canopies. This change order represented an 85 percent increase in the original contract cost. Management of the district believed that the change order was an extension of the original contract, and, therefore, did not request proposals for these new improvements. As a result, the district is not assured that it received the lowest possible price, and other contractors were not allowed the opportunity to bid on the additional work.

We recommend that the district ensure that it complies with all aspects of the Public Bid Law as it pertains to change orders outside the scope of the original contract. In a letter dated September 19, 1995, the director of the district stated that the change order was in effect additional work for an expanded project scope addressing the facility structure interior and exterior (B-124).

**PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, CORRECTIONS
SERVICES****Use of State Building**

The Department of Public Safety and Corrections, Corrections Services, entered into a cooperative endeavor agreement with a private contractor for a 4,600 square foot state owned building, which is being used as a poultry processing plant, without publicly advertising and bidding the building for use, in violation of state law. In addition, the department did not enter into a formal written agreement with the contractor until June 1995, even though the private contractor began renovations in June 1994. Louisiana Revised Statute (LSA-R.S.) 41:1214 requires that leases of public land and buildings to private individuals must be publicly advertised and bid. In addition, prudent business practices would require that a written agreement be executed by all parties before beginning any work for renovations. This instance of noncompliance results in the risk that this building may have been used in a more beneficial manner to the state had the use been offered for bidding.

We recommend that the department consider its option for termination of the cooperative endeavor agreement and seek a new one that is competitively bid as required by state law. In a response dated January 10, 1996, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, did not

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

concur with the finding and recommendation. Mr. LeBlanc stated that the building in question was built at no expense to the state by a prior contractor, and the state has benefited from the improvements made to the building by the current contractor. The building will remain an asset of the state, and, as a result, the department does not wish to exercise its option for termination. He further stated that LSA-R.S. 41:1214 is not applicable since the contractor is not leasing the building, but using the building through a cooperative agreement authorized under Article 7, Section 14(C) of the 1974 Louisiana Constitution (B-133).

Additional Comment: While the cooperative agreement does not use the term "lease," the language that is used in certain sections of the agreement related to compensation to the department for use of the building, repair or maintenance work, and return of assets to the department at the end of the term of the agreement would be found in virtually every lease agreement. Furthermore, the department was informed in Attorney General Opinion 84-294, which related to a very similar situation, that such agreements must be competitively bid.

RISK MANAGEMENT, OFFICE OF**Settlements**

For the second consecutive year, the Office of Risk Management did not obtain proper approval on certain claims at the time of settlement. The office's policies and procedures covering certain settlements require that all claims settled in excess of \$7,500 be approved by a prescribed level of supervising authority. Various amounts require signatures of the claims supervisor, claims manager, claims officer, assistant commissioner for risk, and commissioner of administration. Also, Louisiana Revised Statute (LSA-R.S.) 39:1535 requires that settlements greater than \$25,000 be approved by the attorney general, and settlements or compromise agreements of \$500,000 or more be approved by a majority of the members of a subcommittee of the Joint Legislative Committee on the Budget.

In a test of nine settlement payments totaling \$1,236,145, three payments totaling \$667,000 were made without the proper approvals described previously. Two of these settlement payments totaling \$117,000 were under the control and were paid by the state's self-insurance fund through the Office of Risk Management. The third payment for \$550,000 was the result of a consent judgment that required payment be accomplished by an act of the legislature. This payment was authorized by Act 44 of the 1995 Regular Session of the Louisiana Legislature, but was paid without approval by the claims officer, commissioner of administration, and the Joint Legislative Committee on the Budget. Failure to obtain the required approval authority for settlements contributes to the risk that claims may be settled in error.

We recommend that the Office of Risk Management adhere to its policies and procedures and LSA-R.S. 39:1535 relating to approvals for settlements. Specifically, management should ensure that all required written approvals are obtained and the related documentation to support

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

the settlement is present before the authorization and payment of any settlements. In a letter dated November 15, 1995, Whitman J. Kling, Jr., Deputy Undersecretary, concurred with the finding and stated that "we have taken steps to review established policy with all claim adjuster personnel in this area to assure that all established policies are followed. Additionally, we have clarified the actions to be taken on consent settlements initiated and negotiated by the Office of Risk Management, but subsequently authorized by a separate legislative act." See management's response at B-148.

SOCIAL SERVICES, DEPARTMENT OF**Internal Audit Training**

The Department of Social Services did not comply with Louisiana law when obtaining training for internal auditors for itself and other state agencies. The department scheduled five training sessions to be held between January and June 1995. Other state agencies with internal audit sections were solicited by the department to participate in the training sessions at a charge of \$80 per participant. After the third session, the classes were discontinued because the department had violated various state laws and regulations. Our examination of this matter disclosed the following:

- Act 15 of 1994 (the Budget Act), Section 2 requires that all self-generated revenues be appropriated or approved through a budget amendment before they are earned and expended. However, the department collected self-generated funds of \$7,760 from this project and spent \$3,740, which was not included in the appropriation bill nor approved through a budget amendment.
- The Louisiana Administrative Code (LAC) allows for payment of special meals in certain circumstances. However, LAC 4:V.1521 and Department of Social Services policy 1306-90(IX)(B) require the approval of the commissioner of administration before such meals are provided. The department provided lunch to the participants of the classes for all three sessions although the approval of the commissioner was not obtained until after the second class was held.
- Louisiana Revised Statute (LSA-R.S.) 43.1 requires state agencies to procure all printing services through the Office of State Purchasing. Executive Order EWE 92-53, Section 2C would allow the department to obtain printing without using the Office of State Purchasing if the required services are under \$250 and are not otherwise available through a state printing contract or the Division of Administration Print Shop. However, the department obtained printing services for each of the three sessions at a total cost of \$855 without using a vendor on state contract, although in all cases a contract for the type of services procured was available.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

- LSA-R.S. 39:1498.2 allows state agencies to employ public university faculty through professional services contracts. LSA-R.S. 39:1499 requires that such contracts (if less than \$50,000) be negotiated by the head of the agency or the procurement officer. The Director of Internal Audit, although neither the head of the agency nor the procurement officer, negotiated for and obtained the services of a Louisiana State University professor to conduct the training sessions without entering into a professional services contract.

These conditions arose because the Director of Internal Audit, who arranged the training sessions, either had no knowledge of the applicable laws and regulations or chose to disregard them. Violation of the cited laws and regulations can result in the procurement of goods and services at other than the best price. We recommend that the department seek the proper authorizations before providing any training sessions in the future and adhere to all state laws and regulations. In a letter dated December 1, 1995, Ms. Gloria Bryant-Banks, Secretary of the Department of Social Services, concurred with the finding. She stated that the funds in question were accounted for as an escrow fund because a representative of the Legislative Auditor's Office had advised the department to do so and had advised that use of the escrow fund would eliminate the need for compliance with various regulations regarding expenditures. Ms. Bryant-Banks further stated that another representative of the Legislative Auditor's Office indicated that a professional services contract was not required and a sample copy of the agreement that is used by the Legislative Auditor's Office was provided to the department as an example. Ms. Bryant-Banks indicated that the department would continue to make every effort to comply with all laws and regulations and that no further training sessions are planned at this time (B-158).

Additional Comments: An employee of the Office of the Legislative Auditor did discuss accounting for the receipts of the training session with representatives of the department and advised the department to seek the guidance of the Office of Statewide Reporting and Accounting Policy but did not address the question of compliance with state expenditure requirements. Furthermore, the Office of the Legislative Auditor uses a lengthy professional services contract when obtaining training for its staff. While the department may have obtained a sample copy of the agreement used by this office, no evidence was provided that it was used as a model when obtaining the services in question.

Time and Attendance Records

For the third consecutive year, the Department of Social Services did not ensure that all payroll sign-in/out sheets (official time and attendance records) were certified by employees and/or the employee's supervisor. We examined 92 sign-in/out sheets for approximately 570 employees at 23 offices covering two pay periods at each office, and found that 24 (26 percent) sign-in/out sheets had not been certified by a supervisor and 20 (4 percent) employees had not certified the sign-in/out sheets. An adequate system of internal control and Civil Service Rule 15.2 require the employee and supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. This would minimize the risk that time and

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

attendance records are processed for nonexistent or former employees or that these records are processed containing incorrect hours worked and/or leave taken.

The Department of Social Services should instruct all timekeepers to ensure all payroll sign-in/out sheets contain the appropriate certifications as required by Civil Service Rule 15.2 before they are processed into the On-Line Time and Leave Entry System. The timekeepers should return any sign-in/out sheets with missing signatures for correction before paychecks are issued. In a letter dated August 21, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and recommendation and outlined a plan of corrective action (B-162).

SOUTHERN UNIVERSITY SYSTEM**Foreign Bank Account**

Southern University did not maintain adequate controls over the cash transactions in a foreign bank account in Zambia. It also did not obtain collateral to secure the bank account. A good internal control structure should provide that cash transactions are posted to the general ledger cash account as they occur, that the bank account is reconciled to the general ledger cash account on a regular basis, and that excess cash over current needs is kept to a minimum. Louisiana Revised Statute (LSA-R.S) 49:321 requires that all amounts on deposit in bank accounts be secured 100 percent by pledged collateral.

Our audit disclosed that (1) cash transactions for the 1995 fiscal year were not posted to the general ledger cash account until June 1995, (2) the bank account had not been reconciled to the general ledger cash account since it was established in July 1994, (3) the university had not accurately estimated its cash needs to minimize excess cash balances on deposit in the bank, and (4) the university had not ensured that collateral was pledged by the bank to secure the deposits. This account was initially funded by state monies from the university's operating bank account. During the 1995 fiscal year, the account had deposits of approximately \$1,269,000 and withdrawals of approximately \$986,000 with a cash balance at June 30, 1995, of \$283,000, three times the average monthly cash disbursements of \$82,000. Inadequate controls over cash and the lack of pledged collateral increase the risk that errors and irregularities could occur and not be detected timely, and cash could be lost if the bank failed. This situation occurred in part because the accounting activities for this account are maintained by the Center for International Development Programs and are not under the centralized control of the Comptroller's office.

We recommend that the university post all transactions as they occur, reconcile the bank account to the general ledger monthly, reduce cash balances to one month's needs, and ensure that collateral is pledged to secure the bank account as required by state law. Management concurred that collateral was not obtained to secure the bank account but stated that the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

university was advised by the Zambian bank that it did not collateralize funds on deposit. Management did not concur with the portion of the finding pertaining to inadequate controls over the cash transactions in a foreign bank account. See management's response at B-170.

Additional Comments: Since the bank in Zambia does not collateralize deposits, the university should advise the Cash Management Review Board of the lack of collateralization. Although the university contends that transactions are posted to the accounting records that are maintained in Zambia as they occur, we reaffirm our position that cash transactions for the 1995 fiscal year were not posted to the university's general ledger, and the bank account was not reconciled until June 1995.

Payroll and Personnel

For the second consecutive year, the three campuses of the Southern University System have not complied with certain university policies and procedures and Civil Service rules and regulations relating to proper authorization of positions and salaries for employees. Also, the university does not always provide for adequate segregation of duties over student payroll, does not pay student employees for all hours worked, and does not ensure that students' work hours and class hours do not overlap. The following deficiencies were noted in our test of payroll transactions:

- Louisiana Revised Statute (LSA-R.S.) 42:290 (A) requires the university to file with the Department of Civil Service, the name, address, position, date of employment, hours of work, and salary of each unclassified employee. In addition, the university must file the notification within 30 days of employment or change of employment. We extended our test of 75 payroll transactions for regular employees to include examining 20 additional notifications of employment changes. Of these 95 notifications, we found 6 instances where the notification was not made to Civil Service, 23 instances where the notification was not made within the required 30 days, and 35 instances where the notification was not dated thus preventing us from determining if the 30-day requirement was met.
- Internal Revenue Code Section 3402(f)(2)(A) requires that an employee furnish his/her employer with a signed withholding exemption certificate (Form W-4). LSA-R.S. 47:112(G)(1) requires similar filing at the state level (Form L-4). In addition, Title 8, United States Code, Sections 1324(a)(1)(B) and (b)(1)(A) require employers to verify employment eligibility on a form approved by the Attorney General (INS Form I-9). Of 76 regular employee and 75 student employee files tested, we determined that the proper forms were not filed for 2 regular employees and 33 student employees. Also, forms for 5 regular employees and 47 student employees were not properly completed, including 33 employees whose I-9 forms were not signed by the university to indicate employment eligibility was verified.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

- University policy requires that student work hours not overlap scheduled class hours. We found that 12 of the 25 students tested on the Baton Rouge campus and 10 of the 25 students on the New Orleans campus had work hours that overlapped class hours. Also, of the 75 student payroll transactions tested, 6 students including 3 each on the New Orleans and Shreveport-Bossier City campuses, did not receive payment for all hours worked, and one student on the New Orleans campus was paid as a student employee although he had dropped all classes.
- We noted the financial aid counselor on the Shreveport-Bossier City campus approves the hiring of student employees, enters students on the student payroll system, makes changes to the student payroll system, checks the accuracy of the student payroll register, and authorizes the printing of the student payroll checks. This lack of segregation of duties within the student payroll section increases the risk that errors and/or irregularities could occur and not be detected timely.

These exceptions were caused by a lack of enforcement of certain state and federal laws, Civil Service and university rules and regulations, as well as lack of adherence to good internal controls regarding personnel records. Failure to consistently enforce rules and regulations could result in overpayment or underpayment of salaries and wages. Also, the risk increases that the university could be liable for penalties and additional taxes under both state and federal regulations.

We recommend that the three campuses of the Southern University System adhere to Civil Service rules and regulations, state and federal laws, and university policies and procedures regarding personnel records. The university should review all employee personnel files and submit the required notifications of employment status (SF-1) to Civil Service. The university should complete and have all employees complete the required sections of all payroll forms (W-4, L-4 and I-9). The university should also ensure that supervisors obtain current student class schedules for student employees, monitor any changes to the class schedules, and investigate overlapping class and work hours. The university should segregate duties within the student payroll section so that no one employee can initiate, approve, and process transactions. Management of the New Orleans and Shreveport-Bossier City campuses concurred with the finding and recommendation. Management of the Baton Rouge campus concurred with the finding and recommendation, except for meeting the 30-day notification time frame for Civil Service. However, management did state that steps were being taken to reduce the time for delivery of SF-1 forms to the Department of Civil Service (B-172, B-179, and B-195).

STATE EMPLOYEES GROUP BENEFITS PROGRAM

Claims Payments

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

For the third consecutive year, the State Employees Group Benefits Program has not complied with the provisions of state law relating to the timely payment of health and death claims. Louisiana Revised Statute (LSA-R.S.) 22:657(A) requires the program to pay all health claims within 30 days from the date of receipt unless just and reasonable cause exists for the delay in processing. LSA-R.S. 22:656 requires the program to pay death claims within 60 days from the date of receipt of proof of death. Our test of paid claims disclosed the following:

- Twenty-one of 50 health claims tested totaling \$2,430 were paid from 32 to 301 days after receipt. Management attributes these delays to problems experienced during the conversion to a new claims processing system and to understaffing in the claims processing section. This is the third consecutive year that we have reported this finding.
- Two of 35 death claims tested totaling \$25,490 were paid 117 and 315 days after receipt of proof of death. Because of the delay in payment of these 2 claims, penalties of \$1,490 were paid by the program. Management attributes these delays to misplacement of eligibility files.

Failure to pay claims timely can result in the assessment of penalties against the program. We recommend that management of the program ensure that all health and death claims are processed within the time limitations imposed by state law unless the program can demonstrate just and reasonable cause for delay. In a letter dated September 11, 1995, Mr. James R. Plaisance, Executive Director, concurred with the finding and reemphasized that the delay in processing health claims was due to the conversion to the new claims processing system coupled with understaffing in the claims processing section. He further maintained that the timely receipt of certain documents relating to eligibility for death claims is beyond the control of the program because they come from other agencies. Mr. Plaisance stated that the program will continue in its efforts to achieve a 30-day turnaround time for health claims and will implement written procedures to provide for routine and timely follow up to requests for documentation of eligibility (B-201).

Time and Attendance Records

For the second consecutive year, the State Employees Group Benefits Program does not have adequate internal control procedures to ensure compliance with state policies and Civil Service rules and regulations relating to time and attendance records. An adequate system of internal controls, Office of State Uniform Payroll (OSUP) procedures, and Civil Service Rule 15.2 require that a document be prepared every payroll period for each employee summarizing the actual number of hours of attendance or absence, to include certification by both the employee and supervisor (appointing authority). This would minimize the risk that time and attendance records are processed for nonexistent or former employees or that these records are processed containing incorrect hours worked and/or leave taken.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

Our test of 30 randomly selected time and attendance records disclosed the following:

- Nine (30 percent) of the records did not contain a document summarizing the actual number of hours of attendance and leave taken. In lieu of a detailed time and attendance record that could be signed by the employee and supervisor, the program required only approved leave and overtime slips.
- Of the 21 remaining records that contained detailed time and attendance, 4 (19 percent) were not signed by the employee, 7 (33 percent) were not approved by the supervisor, 3 (14 percent) did not contain approval slips for overtime earned, 3 (14 percent) overtime approval slips were not approved by the supervisor, 3 (14 percent) did not have leave slips for leave taken, 1 (5 percent) leave slip was not signed by the employee, 5 (24 percent) leave slips were not approved by the supervisor, and 4 leave slips and overtime approval slips did not agree to the time and attendance sheet.

As a result of these conditions, the program has created an internal control weakness and has not complied with OSUP procedures and Civil Service rules and regulations.

We recommend that the program revise its personnel policies to ensure that all employees complete a detailed time and attendance record as required by OSUP and Civil Service rules and regulations. In addition, the program should instruct all timekeepers to ensure that all time and attendance records contain the appropriate certifications before they are processed into the On-Line Time and Leave Entry System. Finally, the timekeepers should return any time and attendance records with missing signatures for correction before paychecks are issued. In a letter dated September 8, 1995, Mr. James R. Plaisance, Executive Director, stated that the program does not believe the matter relating to the lack of a document summarizing number of hours of attendance and leave taken should be a repeat finding because the auditor's recommendation was not specific and the program was uncertain, even after several meetings with the auditor, as to what documentation would be sufficient to satisfy all rules and regulations. However, the program did implement the use of time and attendance reports for those not using them on June 19, 1995. Mr. Plaisance further stated that he did concur with the specific errors noted for those employees who did maintain time and attendance records and that the program would strive to eliminate these types of errors (B-205).

Additional Comment: It is the function of the Office of the Legislative Auditor to report instances of noncompliance with laws and regulations when such deviations come to our attention and to make recommendations for corrective action. However, the decision to take corrective action and what specific steps will be taken is a function of management. In addition, the program is using an acceptable method of recording time and attendance in other sections of its operations and this was addressed with management during the meetings referred to previously.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF**Repayment of Loan**

The Department of Transportation and Development does not have a plan to repay \$160 million borrowed by the Transportation Trust Fund (TTF) from the Transportation Infrastructure Model for Economic Development (TIMED) Program. Louisiana Revised Statute (LSA-R.S.) 47:820.2 states that appropriations made for TTF projects and for purposes other than the TIMED projects shall be considered interfund borrowing and shall be returned to the credit of the account no later than June 30, 2010. LSA-R.S. 47:820.4 sets the duration for the TIMED Program to the year 2005; therefore, there is an inconsistency between the term for repayment of the loan and the life of the TIMED Program. However, Attorney General Opinion 92-136 indicates that it is the responsibility of the department to plan the repayment of the loan, and the opinion indicates that the department should consider pursuing legislation that would allow the repayment of the borrowed funds so that the projects in the TIMED Program can be funded. Failure of the department to plan repayment of funds borrowed from the TIMED Program jeopardizes the funding of the projects associated with the program.

We recommend that management of the department pursue a plan to pay back the borrowed funds and to seek legislative action to allow for the completion of the projects listed in the TIMED Program. Management of the department stated in writing that during the 1995 legislative session, legislation was proposed by the department concerning the funding of the TIMED Program; however, the legislation was never introduced. It is the intention of the department to resubmit the legislation in the upcoming legislative session (B-209).

UNIVERSITY HOSPITAL**Improper Drawdown of Appropriation**

University Hospital violated state law when it withdrew \$900,000 from the State Treasurer during the 45-day period after June 30, 1995, without a bona-fide liability existing for these funds. Louisiana Revised Statute (LSA-R.S.) 39:82(A) requires that any appropriations remaining at the end of the fiscal year against which bona-fide liabilities existed as of the last day of the fiscal year may be withdrawn from the state treasury during the 45-day period after the last day of the fiscal year only as such liabilities come due for payment. LSA-R.S. 39:82(B) further provides that the commissioner of administration may, with the approval of the Joint Legislative Committee on the Budget (JLCB), incorporate into the new year's appropriation any appropriations from the prior fiscal year against which bona-fide liabilities existed on the last day of the fiscal year, provided that no transactions shall be approved in this manner after the forty-fifth day following the last day of the fiscal year.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Laws and Regulations
(Continued)**

On August 10, 1995, the hospital prepared a check for \$900,000 payable to the Office of Facility Planning and Control (OFPC) to fund capital construction costs and drew down the necessary funds from its appropriation in the State Treasury to cover this check. No bona-fide liability existed at June 30, 1995, for this amount nor had any liability for this amount come due as of the August 14 fiscal year close. In addition, the JLCB did not approve a transfer of appropriation to the OFPC. As a result, the hospital did not comply with LSA-R.S. 39:82 (A) and (B). The funds have not been returned to the State Treasurer, and the check was still being held by the hospital as of November 7, 1995.

We recommend that University Hospital comply with the provisions of LSA-R.S. 39:82(A) and (B), and cancel the check payable to the OFPC and immediately return the funds to the State Treasurer. Management of the hospital does not concur with our audit recommendation. In a written response, the hospital management stated that the hospital prepared the check to transfer funds to OFPC but did not realize that OFPC did not have budget authority to accept the funds and manage the project. The hospital has now requested authorization from the Division of Administration to carry the funds over into the 1995-96 budget and to manage the project within the agency (B-210).

UNIVERSITY OF NEW ORLEANS**Attendance-Leave Records**

For the fifth year, the University of New Orleans has not ensured that all employees and their supervisors or timekeepers certify the accuracy of attendance-leave records. The university's Administrative Policy and Procedure (AP) 4.1 requires that attendance-leave records be signed by each employee and timekeeper on the fifth day following the last working day of each month. Of 20 employee attendance-leave records examined by us, two employees and seven timekeepers did not sign the attendance-leave records. In addition, AP 4.1 requires that any leave earned and/or taken should be calculated using the current leave balance. Two of 30 employees did not have their leave correctly subtracted on their attendance-leave records.

These discrepancies were caused by lack of enforcement of university time and attendance internal control procedures. Failure to consistently enforce controls increases the risk of payroll related errors and irregularities by employees and their supervisors and could subject the university to a possible loss of funds.

The University of New Orleans should ensure that all employees and their supervisors or timekeepers certify the accuracy of attendance-leave records. In a letter dated September 8, 1995, we were informed that the university is in the process of automating the attendance-leave records system. This should eliminate the addition and subtraction errors inherent in the manual records system. In addition, the university has strengthened the internal controls for

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Noncompliance With Laws and Regulations
(Continued)

time and attendance records to ensure that lack of verification by the employee and supervisor will not occur in the future (B-86).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Continued)

Louisiana Procurement Code

The University of New Orleans engaged in procurement practices through its Lakefront Arena that are contrary to state purchasing laws and regulations as follows:

1. Catering for 16 events totaling \$50,944 and transportation services for 11 events totaling \$9,501 were purchased without benefit of competitive bids. Louisiana Revised Statute (LSA-R.S.) 39:1594(C)(1) requires a public notice by advertising if the amount of the purchase is \$25,000 or more. Furthermore, Executive Order EWE 92-53, Section 2 (A) details the telephone and facsimile quotation soliciting procedures for purchases in excess of \$500. Payments for these services were not processed through the university's accounts payable department but were made from cash advances and a special arena checking account.
2. A camcorder was acquired at a cost of \$665 under an emergency condition without authorization or soliciting quotations. LSA-R.S. 39:1598, Section A states that the chief procurement officer may authorize others to make emergency procurements and Section B states that every effort shall be made to obtain quotations from three or more vendors when supplies, services, or major repairs are to be purchased on an emergency basis. The equipment was acquired by use of petty cash and subsequently replenished from concession sales without authorization for the emergency purchase from the procurement officer.
3. A used loveseat and sofa were acquired under noncompetitive conditions. LSA-R.S. 39:1645 Section A permits an agency to acquire any equipment which is used or which has been previously purchased by an individual or corporation where the agency proposing to make such procurement can present satisfactory information to the procurement officer to illustrate that the procurement of said equipment is cost effective to the state. The amounts paid from concession sales for the matching loveseat and sofa were \$350 on August 9, 1994, and \$450 on March 22, 1995, respectively.
4. Cash concession sales and cash advances were not deposited intact because amounts from concession sales and cash advances were used to pay for these purchases. A good internal control structure should include procedures to ensure that receipts are deposited intact.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Laws and Regulations
(Concluded)

We also determined that the equipment and furniture were not tagged and included in the movable property inventory listing because they were not coded to the movable property acquisition accounts. Since arena management did not comply with the purchasing laws, the university cannot be assured that assets are safeguarded against waste, loss, and misuse.

We recommend that the university ensure all departments adhere to the procurement code. Also, the university should ensure that arena management adhere to the established control procedures relating to arena event revenues, cash advances, and movable property. In a response dated December 15, 1995, Mr. George Lewis, General Manager of the Lakefront Arena, stated that management of the arena will ensure that all personnel will adhere to the Louisiana procurement code. Also, arena management will adhere to the established control procedures relating to arena event revenues, cash advances, and movable property (B-88).

Schedule D

Noncompliance With General
Requirements Applicable to
Federal Financial Assistance Programs
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
For the Year Ended June 30, 1995

AGRICULTURE AND FORESTRY, DEPARTMENT OF

Timely Submission of Federal Financial Reports

The Department of Agriculture and Forestry did not submit timely the annual Financial Status Report (Form SF-269) for the Wetlands Protection - State Development Grants Program (CFDA 66.461) or the final SF-269 for the Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements (CFDA 66.700). According to the grant agreements, the recipient must submit an annual SF-269 within 90 days after the close of each budget period. The final SF-269 is due on or before 90 days after the end of the budget period.

The department submitted the federal SF-269 for the Wetlands Protection - State Development Grants Program 159 days after the due date and for the Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements 92 days after the due date. By not reporting the transactions of the programs according to the program requirements, the department is not in compliance with the grant requirements.

We recommend that the department adhere to the reporting requirements of the Wetlands Protection - State Development Grants Program and Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements and submit the required reports when due. In a letter dated April 24, 1995, Mr. Richard Allen, Assistant Commissioner of the Department of Agriculture and Forestry, stated that the department acknowledges that the reports were submitted late and will strive to meet all reporting deadlines in the future (B-5).

EDUCATION, DEPARTMENT OF

Cash Management

The Department of Education has not complied with the Cash Management Improvement Act (CMIA) agreement. The programs administered by the department that are included in the CMIA agreement are the School Breakfast Program (CFDA 10.553), the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Job Training Partnership Act (CFDA 17.250), Title I Grants to Local Educational Agencies (CFDA 84.010), Special Education - Grants to States (CFDA 84.027), and Vocational Education - Basic Grants to States (CFDA 84.048). Our tests of the department's records disclosed the following:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

1. Two drawdowns were made earlier than allowed by the CMIA agreement. The drawdowns were for Vocational Education - Basic Grants to States Program on November 19, 1994, and Special Education - Grants to States Program on November 26, 1994, resulting in potential interest liability of \$54 and \$379, respectively.
2. One deposit included refunds of over \$10,000 which were not deducted from the next program drawdown pursuant to terms of the CMIA agreement. Furthermore, the deposit which included these refunds was not made in a timely manner. A potential interest liability of \$56 was calculated on \$20,885 in refunds for the Title I Grants to Local Educational Agencies Program for the period from November 21, 1994, through December 9, 1994, the date the deposit should have been made until the date the refunds were deducted from the next program drawdown.
3. Sixteen drawdowns were from one to nine days in excess of that allowed by the CMIA agreement. If federal funds are not drawn in a timely manner, state funds must be used until federal funds are available and the state will lose interest earnings on those funds.
4. Of five deposits tested, which included both state and federal funds, the department failed to deposit each of them in a timely manner. Failure to promptly deposit funds results in both lost interest earnings for the state and potential interest liabilities on federal funds.
5. Accounting records of drawdowns for the Special Education - Grants to States and Vocational Education - Basic Grants to States programs are inadequate. These records do not separate drawdowns into expenditures for subrecipient payments, payroll, and administrative costs. The CMIA agreement lists different methods and clearance funding techniques for these expenditures. Failure to account for these separate expenditures of each drawdown increases the potential of noncompliance with the CMIA agreement and resulting interest penalties.
6. Fifteen nonmajor federal programs, not covered by the CMIA agreement, were included in CMIA drawdown reports submitted to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP). Failure to properly report CMIA drawdowns can result in the state incurring interest liabilities for programs not covered by the CMIA agreement and inaccurate reporting to OSRAP.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

The department did not establish adequate procedures that would have ensured compliance with the CMIA agreement. Failure to comply with the requirements of the CMIA agreement has subjected the state to the potential interest liability of \$489.

We recommend that the Department of Education establish procedures to ensure that federal funds are drawn in compliance with the CMIA agreement and that they are drawn and deposited in a timely manner. In addition, the department should establish procedures that will ensure accurate reporting to OSRAP. In a letter dated January 19, 1996, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding and has implemented procedures to ensure the accurate and timely reporting, receipt, and deposit of federal and other funds (B-15).

EXECUTIVE DEPARTMENT**Time Distribution Records**

For the second consecutive year, the Louisiana Commission on Law Enforcement, an agency within the Executive Department, did not maintain appropriate time distribution records to support amounts charged to grant programs for personal services. While time sheets for employees were maintained, personal services were charged to grants based on budgets or estimates. The commission expended approximately \$5,911,338 in state programs and \$9,467,224 in federal programs. The commission incurred personal service expenditures of approximately \$1,148,658 in the fiscal year ended June 30, 1995, with approximately \$586,022 charged to federal grant programs.

Office of Management and Budget Circular A-87 requires personal services charged to grant programs to be supported by time and attendance or equivalent records for individual employees. Office of Justice Program guidelines, OJP M 7100.1D, require proration of costs to two or more grant programs to be made based on time and/or effort reports. Because the commission did not implement adequate procedures to determine the actual time and effort expended on individual grant programs, the amount of administrative costs charged to a federal program may not be equivalent to the time and actual salaries expended.

The agency should develop appropriate time distribution records to support amounts charged to grant programs for personal services. Management concurred with the finding and recommendation. See management's response at B-27.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

HEALTH AND HOSPITALS, DEPARTMENT OF**Cash Management of Block Grants**

For the second consecutive year, the Department of Health and Hospitals requested federal funds under the Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959) in excess of its immediate needs during the fiscal year ended June 30, 1995. The Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments (C.21.b) states that procedures must be in place to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees. Within the federal cash management field, there is an implied "three-day rule" that has become accepted as the standard.

The procedures established by the department would minimize the time between the transfer and disbursement of funds. However, for the March 8, 1995, drawdown, there was an error in the calculation that overstated expenditures for the block grants by \$235,956. This error in calculation caused the department to overdraw federal funds. The excess funds were spent and the error was corrected by the time of the next drawdown calculation for April 6, 1995. As a result, these funds were not available to the federal government for investment or other uses during the period held by the department and thus creates a potential interest liability due to the federal government.

We recommend that the department implement procedures to ensure that any errors made in the calculation of drawdowns are detected and corrected in a timely manner. In a letter dated August 22, 1995, Mr. Stan Mead, Director of the Division of Fiscal Management, concurred with the finding and recommendation and further stated that the department strives to follow established procedures (B-43).

Drug-Free Workplace

The Department of Health and Hospitals could not provide documentation that all employees who are engaged in the performance of federal grants were given a copy of the department's drug-free workplace policy. 41 USC 701 et seq., the codification of the Drug-Free Workplace Act of 1988, requires grantees of federal funds to publish a policy statement notifying employees that unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violations of these prohibitions. 41 USC 702(C) requires the grantee to give a copy of this statement to each employee engaged in the performance of a federal grant. To comply with the requirements relating to the Drug-Free Workplace Act, the department established the required drug-free workplace policy (Policy #0016-89), which requires employees to sign a form certifying that they have received a copy of the policy and understand it. This form is to be maintained in the employee's personnel file.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

During our test of payroll, we found that 5 out of 24 employees, although paid from federal funds, did not have this signed certification in their personnel file. This condition occurred because personnel files are maintained at various locations throughout the state and the department has no procedures in place to ensure compliance with department policy. Failure to obtain signed certifications from every employee increases the risk of noncompliance with provisions of the Drug-Free Workplace Act and could result in federal sanctions.

We recommend that the department ensure compliance with the Drug-Free Workplace Act by developing procedures to enforce internal Policy #0016-89. In a letter dated October 4, 1995, Ms. Mary Anne Manley, Human Resource Director, stated that the department concurred with the finding and outlined various corrective procedures that have been established (B-46).

Medicaid Cash Management

For the second consecutive year, the Department of Health and Hospitals has not complied with the Cash Management Improvement Act (CMIA) agreement. The agreement was entered into between the State of Louisiana and the U.S. Department of the Treasury to achieve greater efficiency, effectiveness, and equity in the transfer of federal funds as required by the Cash Management Improvement Act of 1990, and amended by the Cash Management Improvement Act Amendments of 1992. The agreement and the Code of Federal Regulations (31 CFR 205) specify the procedures to be used for the five types of draws made by the department for the Medical Assistance Program (CFDA 93.778, Medicaid). Our examination disclosed the following:

1. The agreement requires the use of the estimated clearance pattern for Medicaid benefit payments. Under this method, the department draws Medicaid funds daily based upon a check clearance pattern, which is submitted to the Division of Administration and certified to the U.S. Treasury. 31 CFR 205.8 requires that states follow certain procedures if they have actual or constructive knowledge that the clearance pattern does not correspond to a program's clearance activity. These procedures require that states immediately notify the Financial Management Service (FMS) in writing of the program requiring a new clearance pattern and develop a new clearance pattern and certify that it corresponds to a program's clearance activity.

During our audit of the department for the fiscal year ended June 30, 1994, we became aware that the clearance pattern used by the department did not correspond to the Medicaid benefits activity. We notified management of the necessity to change the clearance pattern approximately August 1, 1994. However, the department did not notify FMS that the Medicaid program required a change in clearance pattern. Because there was a delay in receiving the data

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

necessary to calculate the needed change, the corrected clearance pattern did not become effective until March 7, 1995.

2. Of 28 transactions tested for Medicaid benefits payments, the department underdrew funds on one occasion, by \$4,097,357 on October 10, 1994, and it did not correct the error until March 3, 1995, five months later.
3. The department used an estimated average payroll expenditure amount in determining the amount of payroll dollars to be drawn from July 1, 1994, through November 10, 1994. The CMIA agreement specifies that payroll dollars are to be drawn using the average clearance method, based on actual dollars. Of five payroll draw transactions tested for the year, the department was overdrawn by as much as \$130,507 and underdrawn by as much as \$67,026. The department began drawing funds based on actual payroll dollars on November 23, 1994.

The department did not comply with the CMIA agreement because it did not establish adequate procedures or did not consistently follow procedures that would have ensured compliance with the agreement. Failure to adjust the clearance pattern timely subjects the department to noncompliance with the CMIA agreement and may result in the imposition of interest liabilities by the FMS. In instances where the department has underdrawn funds, state funds have been used to supplant federal funds for expenditures although federal funds were available to the state. Though the CMIA agreement states that no interest liability will be incurred for payroll and administrative draws, we believe interest penalties could be imposed by FMS because the overdrafts in question resulted from failure to follow established procedures rather than the inaccuracies that result from using estimated rather than actual expenditures.

We recommend that the department establish procedures to ensure that funds are drawn in compliance with the CMIA agreement and that they are drawn timely. In a letter dated September 7, 1995, Mr. Stan Mead, Director of the Division of Fiscal Management, stated that the department concurred that adequate procedures were not established and followed consistently at the time of the findings. Mr. Mead maintains that the department could not have corrected the error in clearance pattern any earlier, even if FMS had been notified, because the necessary data was not available at the time. He further maintains that the department's eventual detection of the cited error on October 10, 1994, is evidence that its improved procedures are functioning and that the errors relating to payroll draws do not represent a material failure to comply with the agreement that would be required for imposition of interest (B-47).

LABOR, DEPARTMENT OF**Cash Management**

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

The Louisiana Department of Labor, Office of Employment Security (OES), has not implemented procedures to ensure compliance with the Cash Management Improvement Act (CMIA) agreement. The agreement was entered into between the State of Louisiana and the U.S. Department of the Treasury to achieve greater efficiency, effectiveness, and equity in the transfer of federal funds as required by the CMIA of 1990. The agreement specifies the procedures to be used by OES for drawing money for payroll and administrative costs for four programs: Employment Service (CFDA 17.207), Unemployment Insurance administrative costs (CFDA 17.225), Employment and Training Assistance - Dislocated Workers (CFDA 17.246), and Job Training Partnership Act (CFDA 17.250). The agreement requires actual payroll costs to be drawn using the average clearance pattern, which is based on a three day check clearance. Administrative costs are required to be drawn using the actual and adjusted estimated clearance pattern. The administrative costs consist of the actual expenditures for the current week and an estimate of expenditures for the upcoming week. The agreement requires administrative costs for all programs to be drawn at the same time as payroll. Under these patterns, the bi-weekly payroll and the administrative costs for the four programs are to be drawn on the Friday of the payday so that funds will be received on the following Monday.

The department's actual draws were based on the balance in the department's bank account instead of the required clearance patterns. No documentation existed to show how the actual draws were calculated. Also, the department did not draw funds for payroll and administrative costs for these four programs on a consistent basis, drawing funds as many as four weeks apart (April 13 to May 8, 1995) or as often as once per week in March 1995. Failure to draw payroll and administrative funds timely results in noncompliance with the CMIA agreement and the department using state funds to provide the funds necessary to cover program expenditures rather than federal funds that were available for that purpose.

We recommend that the department establish procedures to ensure that funds are drawn in compliance with the CMIA agreement. Management concurred with the finding and stated that the department will work with State Accounting to amend the agreement and correct the drawdowns (B-54).

LIEUTENANT GOVERNOR, OFFICE OF THE**Cash Management**

The Office of the Lieutenant Governor requested federal funds under the AmeriCorps Program (CFDA 94.006) in excess of its immediate needs during the fiscal year ended June 30, 1995. The Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments (C.20.b.7) states that the grantee financial management system shall include procedures to minimize the time elapsed between the transfer of funds from the U.S. Treasury and the disbursement of funds by the grantee.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

On December 12, 1994, the office received \$104,000 based upon an invoice of a subrecipient. These funds were held for 17 days before they were disbursed to the subrecipient. As a result, these funds were not available to the federal government for investment or other uses during the period held by the office. Although the office has procedures established, the procedures do not appear to be adequate to minimize the time elapsing between the transfer of federal funds and the disbursement of funds by the office. In addition, the office did not adequately document the monitoring process of federal funds. Therefore, we were unable to perform additional tests.

The Office of the Lieutenant Governor should revise its cash management procedures to prevent the request of federal funds in excess of immediate needs. Also, the procedures should ensure that the monitoring of federal funds is adequately documented. Management concurred with our finding and recommendations. See management's response at B-60.

LOUISIANA SPECIAL EDUCATION CENTER**Unallowable Cost**

The Louisiana Special Education Center obligated and expended program funds under the Special Education - Grants to States Program (CFDA 84.027) before the project period started on October 1, 1993. The Code of Federal Regulations [34 CFR 80.23(a)] states that the grantee may only charge to the program costs resulting from obligations of the funding period. The center ordered and received \$396 in equipment before the project period began because it was not monitoring the date the project began. This resulted in \$396 in unallowable cost that was later returned to the grantor.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

We recommend that the Louisiana Special Education Center monitor closely the beginning and ending dates of its grant programs so the center will not expend funds before the beginning of the grant period. In a letter dated May 19, 1995, Mr. Walter B. Gatlin, Superintendent, stated that the cost of equipment that was unallowable has been returned to the Office of Special Education and the center will monitor more closely the grant programs in the future (B-69).

NICHOLLS STATE UNIVERSITY**Federal Movable Property Requirements**

Nicholls State University did not implement control procedures to ensure compliance with the Property Management Standards of Circular A-110, subpart C, Section [34(f)(1)(iii) and (vi)] until the end of fiscal year June 30, 1995. Our review of the internal controls over movable property revealed that the university has not updated all of its accounting records to include the source of the property and the percentage of federal participation in the cost of the property as required by these standards. The amount of the property purchased with federal funds cannot be determined because the analysis of purchasing/acquisition records has not been completed.

We recommend that Nicholls State University complete the analysis of purchasing and acquisition records to identify the movable property purchased with federal funds and record the source and percentage of federal participation in the movable property records to comply with Circular A-110. In a letter dated November 16, 1995, Mr. Mike Naquin, Controller, stated that policies and procedures have been established to identify the source of the property along with the percentage of federal participation (B-96).

REGIONAL MANAGEMENT CENTER 8, MONROE**Controls Over Federal Expenditures**

Regional Management Center 8, Monroe does not have adequate internal accounting controls over its expenditures relating to Vocational Education - Basic Grants to States (CFDA 84.048). OMB Circular A-110, Paragraph .28 states that where a funding period is specified, a recipient may charge only allowable costs resulting from obligations incurred during the funding period and any pre-award cost authorized by the federal awarding agency. Guidelines for Determining Eligibility for Participation in Single Parent/Displaced/Homemaker/Single Pregnant Women and Sex Equity Programs - Section 7, Documentation of Expenses, states that acceptable documents must be kept on file. Such documentation provides for a clean audit trail; thus, the documents should be readily identifiable and accessible at all times. In addition, good internal accounting controls require approval, support for all disbursements, proper coding, and payment in the correct budget period.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

We tested 60 disbursement documents and found 14 deficiencies that indicate a lack of controls over federal expenditures. These deficiencies included two documents that did not have proper approval; two disbursement items that were coded incorrectly; one document that included a payment for tuition that was not allowed under the Use of Funds Description; seven documents that lacked adequate supporting documentation; and two documents of the previous seven also included payments for support services before July 1, 1994 (prior grant period).

Failure to provide adequate internal accounting controls over federal disbursements could cause improper payments from federal programs. Relating to the above deficiencies, disbursements totaling \$9,756 are questioned costs.

Management should ensure that proper internal accounting controls are in place and functioning relating to its federal programs. In a letter dated June 1, 1995, Mr. Kenneth Bridges, Regional Director, stated that detailed ledgers will be established at each technical institute for students receiving federal or state financial assistance. The regional director further stated that all the necessary student information will be included in the ledger and that all expenditures or charges relating to students will be authorized and documented by a school representative other than the person recording information in the ledger. The regional director also stated that the documentation will include original invoices relating to the current fiscal year and correct coding (B-140).

Payroll Controls

Regional Management Center 8, Monroe does not have adequate internal accounting controls over its payroll function to ensure proper segregation of duties. In addition, the center did not follow established internal accounting controls over its payroll function relating to certification of time sheets and compliance with state and federal rules and regulations. An adequate system of internal accounting control provides for the segregation of duties such that one person would not be placed in a position both to initiate and to conceal errors or irregularities in the normal course of their duties. In addition, adequate controls and Department of Civil Service Rule 15.2 require the employee and supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. In addition, Department of Civil Service Rule 14.1(i) requires Civil Service approval of appointment before any salaries or wages are paid to the appointed employee and Rules 8.10 through 8.14 require Civil Service approval of the appointment of temporary employees. We noted the following control weaknesses during our review and test of payroll controls:

1. The regional accountant can add and delete employees, enter time, and have unaccompanied access to reports and paychecks before distribution.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Continued)

2. Seventeen of 49 time sheets tested were not certified by employees. Three of four time sheets tested for employees whose salaries and wages were paid with federal funds, Vocational Education - Basic Grants to States (CFDA 84.048), were not certified by employees.
3. Civil Service approval was not received and documented on SF-1s for appointed employees and their pay rates. Two employees (one temporary employee) whose salaries were paid with federal funds (Vocational Education - Basic Grants) did not receive Civil Service approval. Two employees whose salaries were paid with federal funds (Vocational Education - Basic Grants) received a rate of pay different from the Civil Service approved rate.

Failure to provide adequate internal accounting control and failure to follow established control procedures over the payroll functions increases the risk that errors and/or irregularities could occur and not be detected in a timely manner and could subject management to noncompliance with state and federal rules and regulations.

The center should implement procedures to ensure that responsibilities for payroll functions are segregated and that control procedures are followed relating to state and federal compliance. In a letter dated June 1, 1995, Mr. Kenneth Bridges, Regional Director, stated that proper segregation of duties will be developed at the region, certification of time and attendance will be required before entering into the payroll system, and a current Civil Service Form SF-1 will be submitted with any change in employee status or pay (B-144).

SOCIAL SERVICES, DEPARTMENT OF

Davis-Bacon Act

For the second consecutive year, the Department of Social Services did not adequately monitor recipients of subcontracts involving federal funds for construction to ensure the payment of prevailing wages established by the Secretary of Labor. The Davis-Bacon Act, United States Code, Title 40, Chapter 3, Section 276(a) requires that all laborers and mechanics employed by contractors or subcontractors that perform construction activities

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
(Concluded)

financed by federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.

The department does not have adequate procedures to monitor construction activities to ensure that the requirements of the Davis-Bacon Act are being met. Therefore, payroll records of contractors and subcontractors for three contracts involving construction activities in effect during the fiscal year ending June 30, 1995, were not reviewed to determine compliance with the requirements of the Davis-Bacon Act. The maximum contract amount for these three contracts was \$1,596,161. Since there is no monitoring of wage rates, there is a risk that those persons employed by contractors or subcontractors are being paid less than the established minimum rates and subjects the department to noncompliance with laws and regulations.

We recommend that the Department of Social Services design and implement procedures to ensure that the rates paid by contractors and subcontractors are in compliance with the Davis-Bacon Act. In a letter dated August 17, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, maintained that the department did have procedures to monitor requirements of the Davis-Bacon Act but concurs that the procedures were not followed. Mr. Joseph outlined a plan of corrective action to be undertaken by the department to ensure that the requirements of the Davis-Bacon Act are met (B-152).

Schedule E

Noncompliance With Specific
Requirements Applicable to Major
Federal Financial Assistance Programs
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
For the Year Ended June 30, 1995

DELGADO COMMUNITY COLLEGE

Entrance and Exit Counseling

Delgado Community College did not maintain documentation indicating that the college mailed exit counseling material or conducted exit counseling with all Federal Family Education Loans (CFDA 84.032, FFEL) borrowers on a timely basis. In addition, the college did not maintain sufficient documentation on entrance conferences. The Code of Federal Regulations (34 CFR 682.604) requires the college to conduct and document entrance and exit counseling with each FFEL program borrower. The exit counseling must be done (1) in-person shortly before the borrower ceases at least half-time study at the college, or (2) if the borrower withdraws from the college without the college's knowledge or fails to attend an exit counseling session as scheduled, by written counseling material mailed to the borrower's last known address within 30 days after learning that the borrower has withdrawn from the college or failed to attend the scheduled session. Entrance counseling should be performed in person or by videotape.

Our test of student borrower files indicated nine students had either ceased at least half-time study or had withdrawn from the college. The college could not provide documentation that two of these nine students were mailed exit counseling material within the 30 days as required by federal regulations. This occurred because the college did not maintain all listings of students mailed exit packages or the envelopes that were returned undeliverable. Failure to conduct the proper exit counseling increases the risk that the loans will not be repaid because students may not be fully informed of their responsibilities under the FFEL program. In addition, ten student borrower files should have contained documentation of entrance counseling. Two of these ten files did not contain sufficient documentation; however, the college was able to eventually provide a sign-in log of students who viewed the entrance counseling video. This occurred because part of the required documentation is not centralized and is not maintained in the college's financial aid department.

Delgado Community College should ensure that entrance and exit counseling with all FFEL borrowers is conducted in a timely fashion and sufficient documentation is maintained in the borrowers' files as required by federal regulations. In a letter dated October 31, 1995, Ms. Ione H. Elioff, Ed.D., President of Delgado Community College, concurred with the finding and recommendation. See management's response at B-10.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

EDUCATION, DEPARTMENT OF**Administrative Costs**

The Department of Education incorrectly calculated administrative costs for the Special Education - Grants to States (CFDA 84.027) program. The Code of Federal Regulations [34 CFR Subpart B Part 300.620] states that a state may use 5 percent of the total state allotment in any fiscal year or \$450,000, whichever is greater, for administrative costs. Based on the program regulations, the department's allowance for administrative costs should have been \$1,756,751, which is 5 percent of the total allotment of \$35,135,021. However, due to the department's incorrect interpretation of program regulations, the department charged the program \$33,541 above the maximum allowed for administrative costs.

We recommend that the Department of Education implement procedures to ensure compliance with regulations applicable to the administrative cost limit on the Special Education - Grants to States (CFDA 84.027) program. In addition, the department should contact the awarding agency to determine resolution procedures for this incorrect administrative cost calculation. In a letter dated January 9, 1996, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding and stated that the department will contact the U.S. Office of Special Education and Rehabilitative Services to obtain further clarification (B-13).

Audit Resolution

As required by Office of Management and Budget (OMB) Circular A-128, the Department of Education does not ensure subrecipients receiving federal flow through funds relating to the Title I Grants to Local Educational Agencies (CFDA 84.010) take appropriate corrective action within six months after receiving audit reports. Our review of 18 audit reports disclosed that the department had not followed up to determine the appropriate audit resolution for one of the audit reports received. This failure of the department to follow up has resulted in the nonrecovery of \$3,233 in questioned costs, and no assurance that other instances of reported noncompliance have been resolved.

The Department of Education should implement adequate audit resolution procedures to ensure that all subrecipients take appropriate corrective action on audit exceptions for noncompliance within six months after audit reports are received. In a letter dated December 19, 1995, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding and that the department's Bureau of Internal Audit is now responsible for tracking the resolution of subrecipient audit findings (B-14).

Church-Based Tutorial Program

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

The Department of Education (DOE) did not comply with certain laws, regulations, and contract provisions that regulate the Child Care and Development Block Grant (CFDA 93.575). The DOE obtained these funds from the U.S. Department of Health and Human Services through an interagency agreement with the Louisiana Department of Social Services (DSS) covering the fiscal year ended June 30, 1995. The DOE then distributed these funds to churches and referral centers that sponsored tutorial programs for eligible students under professional services contracts. During the year, the DOE expended \$1,371,162 and \$1,175,307 of state General Fund and federal monies, respectively, through the Church-Based Tutorial Program.

We tested transactions of five churches and two referral centers for compliance with laws and regulations. Our tests revealed the following instances of noncompliance:

1. The DOE did not verify that the providers of tutorial services complied with all licensing and regulatory requirements applicable under state and local law. The United States Code of Federal Regulations (45 CFR Part 98.40) requires that all providers of child care services for which assistance is provided under the Child Care and Development Block Grant, must comply with any licensing or regulatory requirements under state and local laws. The regulations further state that providers that are not required to be licensed or regulated under state and local laws are required to be registered with the grantee. Chapter 14 of Title 46 of the Louisiana Revised Statutes of 1950 requires that all child care facilities owned or operated by any governmental, profit, nonprofit, private, or church agency be licensed and those that receive state or federal funds be registered. The statute further states that child care facilities operating in violation of registration or licensing requirements shall be fined. Based on information provided by DSS, only 13 of 127 churches were licensed and none were registered. To ensure the health and safety of the children tutored, it is imperative that all providers of tutorial services comply with state and local laws.
2. The Code of Federal Regulations [(45 CFR Part 98.20(a)] states that to be eligible for services, a child must be under 13 years of age and reside with a family whose income does not exceed 75 percent of the state's median income for a family of the same size and reside with a parent or parents who are working or attending a job training or educational program. We tested the records at one referral center and found no evidence of the verification of eligibility criteria for participating children.
3. The interagency agreement between DSS and DOE stated that the local school boards would be responsible for providing textbooks to the tutoring sites within the parishes at no cost to the state. However, our tests of the professional services contracts with the five churches and two referral centers tested disclosed that program funds were budgeted for the purchase of materials for

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)**

multi-cultural libraries. Federal and state funds were expended at three churches and two referral centers for this purpose in the amounts of \$10,836 and \$10,044, respectively. The expenditures of federal funds for this purpose appear to be in noncompliance with the interagency agreement and we question these expenditures.

4. The interagency agreement between DSS and DOE states that the DOE will be responsible for providing training and technical assistance for tutors, providing tutors with information and statistics necessary for understanding of the overall objectives of the program, and conducting an evaluation of the program. Our review of transactions of the five churches and two referral centers tested disclosed that three churches and two referral centers entered into contractual agreements totaling \$34,000 (\$13,000 federal and \$21,000 state) with the same company to train tutors. In addition, the DOE also entered into a contract with this company to conduct regional training workshops for 20 sites and follow-up assessment for tutors of the program at a cost of \$24,000. This appears to be a duplication of services.
5. One of the churches contracted by the DOE to provide after-school tutorial program services did not have a program in operation during the year ended June 30, 1995. However, this church did purchase a multi-cultural library and computer equipment in the amounts of \$5,983 and \$8,342, respectively. These purchases were state-funded.
6. For the two referral centers tested, the contracts disclosed questionable budgeted federal expenditures for utilities and indirect costs (\$21,600), in-service training and professional development (\$30,000), food and snacks (\$12,528), and student activities (\$6,000). Of these budgeted amounts, our tests disclosed expenditures in the amount of \$27,942 were actually incurred and are considered questioned costs.
7. The DOE has not established any written guidelines governing the state-funded Church-Based Tutorial Program.
8. The DOE paid a contractor \$25,000 of state funds to provide a camera-ready copy of a guide to train parents of the students in the Church-Based Tutorial Program. However, we were unable to find evidence that the guide was distributed or whether training ever took place.

The department is not in compliance with certain federal and state laws and regulations and the interagency agreement with DSS relating to the Church-Based Tutorial Program and, as a result, we question \$38,778 of federally funded expenditures in the two referral centers we

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

tested. In addition the use of \$70,369 of state funds appears to be in violation of state laws, regulations, and/or contract provisions.

We recommend that the department establish and adhere to the laws and regulations governing the federal and state-funded Church-Based Tutorial Program. The department should also consult with the U.S. Department of Health and Human Services and DSS concerning the questioned costs of the program mentioned previously. In addition, we recommend that the department create a grant administration section that will ensure the department's compliance with all federal laws and regulations relating to federal grants and contracts. In a letter dated February 2, 1996, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding, and that the department is in the process of conducting an internal audit of this program and appropriate action will be taken to correct the findings related to this program (B-16).

Public Education Financial Survey

The Department of Education did not ensure that accurate information was reported on the 1994 fiscal year National Public Education Financial Survey as required by United States (U.S.) Public Law 100-297. Our tests of the department's records disclosed that the department underreported expenditures on the above mentioned survey by the amount of \$6,867,276. These expenditures were incurred for the following federal programs:

Education of Children with Disabilities in State Operated or Supported Schools (CFDA 84.009)

Title I Grants to Local Educational Agencies (CFDA 84.010)

Migrant Education - Basic State Grant Program (CFDA 84.011)

Educationally Deprived Children - State Administration (CFDA 84.012)

Title I Program for Neglected and Delinquent Children (CFDA 84.013)

Chapter 2 - State Block Grants (CFDA 84.151)

Even Start - State Educational Agencies (CFDA 84.213)

Even State - Migrant Education (CFDA 84.214)

Capital Expenses (CFDA 84.216)

State Program Improvement Grants (CFDA 84.218)

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

The data included in this survey will be used to allocate funding to the various Title I programs under the U.S. Department of Education for the 1997 fiscal year. This understatement of expenditures could result in the department being overfunded in 1997.

We recommend that the Department of Education establish adequate procedures and controls to ensure that expenditures reported on the National Public Education Financial Survey are complete, accurate, and supported by the accounting records. Furthermore, the department should file a corrected survey with the U.S. Department of Education for the fiscal year 1993-94. In a letter dated December 29, 1995, Ms. Marlyn J. Langley, Deputy Superintendent of the Office of Management and Finance, stated that the department concurred with the finding and that the department will institute procedures to prepare the survey based on appropriate accounting reports. The letter further stated that a corrected survey will be prepared and submitted to the U.S. Department of Education for fiscal year 1993-94 (B-18).

HEALTH AND HOSPITALS, DEPARTMENT OF**Confidentiality of Medicaid
Recipient Information**

For the second consecutive year, the Department of Health and Hospitals (DHH) has not provided sufficient controls to ensure the confidentiality of information on recipients of the Medical Assistance Program (CFDA 93.778, Medicaid). The Code of Federal Regulations (42 CFR 431.300-306) requires the department to establish criteria to safeguard the use or disclosure of information concerning Medicaid applicants and recipients. Before releasing information to other agencies to verify eligibility, the department must execute data exchange agreements with those agencies. Louisiana Revised Statute (LSA-R.S.) 46:56(l) requires confidentiality of recipient information and imposes penalties for violations of confidentiality. Our audit of the department disclosed the following:

1. DHH provided a monthly tape containing eligibility information to a private contractor engaged by the Louisiana Health Care Authority (LHCA) to provide revenue enhancement and operational improvement initiatives. Section 2080.18.A of the State Medicaid Manual requires this contractor to be an agent of DHH to have access to the information. Because their contract is with LHCA, the contractor is not acting as an agent of the department. DHH could provide no documentation to ensure that the information provided was used only in accordance with federal and state law.
2. LHCA also engaged a private contractor to provide retroactive revenue recovery services. This contractor provides a member of the LHCA staff with a tape of potential Medicaid recipients for whom services have been rendered by LHCA

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

facilities. The LHCA employee then runs the tape against recipient eligibility information maintained by DHH on the Department of Social Services Welfare Information System (WIS). The program used for the match was not in a protected computer file library to ensure that unauthorized changes are not made to programs and that outside contractors do not gain access to unauthorized data.

These conditions occurred because the department is not properly monitoring the release of recipient information to ensure compliance with federal and state law. Failure to comply with these regulations subjects the department to federal sanctions and to penalties imposed by LSA-R.S. 46:56(I).

DHH should discontinue providing eligibility information to other agencies or contractors of other agencies until its needs for this information are assessed, the required written agreements are obtained, and adequate safeguards are in place to ensure compliance with federal and state law. Furthermore, the program used to match data tapes from the private contractor with the WIS should be reviewed for any unauthorized changes and moved into a protected library. Finally, DHH should consider performing the match as noted in item 2 with its own personnel. In a letter dated August 31, 1995, Mr. Thomas D. Collins, Acting Director, Bureau of Health Services Financing, stated that the department concurred with the finding and immediately took corrective action (B-44).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

LOUISIANA STATE UNIVERSITY AT EUNICE**Due Diligence**

Louisiana State University at Eunice did not perform due diligence billing procedures within the required time frames and did not report defaulted loan accounts to a credit bureau for its Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038) accounts in accordance with federal regulations. The Code of Federal Regulations (34 CFR 674.43) sets forth the specific time frames for the university to send out the original billing notice, first and second overdue notices, and the final demand letter for repayment. The Code also requires an attempt at telephone contact with the borrower within 30 days from the date the final demand letter was sent, if no response is received. In addition, 34 CFR 674.45 requires the university to report the defaulted account to the credit bureau if there has been no response to the final demand letter or telephone contact. All of these collection activities should have taken place by the time an account is 90 days past due.

In a test of 24 Perkins Loan accounts, 10 accounts held by the university all showed evidence of untimely billing notices. Past due notices, when applicable, were also untimely. In addition, the final demand letter does not state as required that the university will report the default to a credit bureau. The university's procedures allow an account to go 105 days past due. Although none of the accounts examined were required to be reported to the credit bureau, we determined that the university had also not implemented this required procedure.

University personnel were not adequately familiar with the due diligence regulations. If billing and collection procedures are not performed timely, the risk that borrowers may not make timely repayments increases and subjects the university to noncompliance with federal regulations.

Louisiana State University at Eunice should perform due diligence billing procedures within the required time frames and should report defaulted loan accounts to a credit bureau as required by federal regulations. In a letter dated October 16, 1995, Ms. Arlene Tucker, Vice Chancellor, Office of Business Affairs, concurred with the finding and recommendation and outlined corrective procedures to be taken (B-78).

Promissory Notes

Louisiana State University at Eunice did not comply with federal regulations regarding documentation for the Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038). In our sample of 30 loans tested, the university made five loans to students using an outdated, unapproved, promissory note form; one loan to a student based upon an unsigned promissory note; and an advance of funds to one student without obtaining that student's signature. The Secretary of the U.S. Department of Education (USDOE) has approved a promissory note form and notice was given to the universities to use this form, effective for all

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

loans made on or after July 1, 1993. In addition, the Code of Federal Regulations [34 CFR 674.16 (a)(1) and (a)(2)(d)] requires the student borrower to sign the promissory note before the university makes its first disbursement, and the borrower must sign for each advance of funds on the promissory note.

These conditions are attributed to the university not implementing the use of the new note on a timely basis and not being careful in obtaining the proper signatures as required. Improper documentation may result in the university having no recourse against a borrower who defaults. In such cases, the university would have to reimburse its Federal Perkins Loan Fund for any amounts loaned as well as any administrative cost allowance claimed on those amounts.

Louisiana State University at Eunice should ensure that only the USDOE approved Perkins Loan note form is used and that the proper student signatures are obtained. In addition, the university should obtain proper signatures and complete approved notes for all exceptions involving current loans in its files to avoid any future liability. In a letter dated October 16, 1995, Ms. Arlene Tucker, Vice Chancellor, Office of Business Affairs, concurred with the finding and recommendation and outlined corrective procedures to be taken (B-80).

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER - SHREVEPORT**

Food Distribution Program

Louisiana State University Medical Center - Shreveport did not comply with provisions of the Food Distribution Program (CFDA 10.550). The Procedural Handbook for Charitable Institution Programs requires the recipient agency to perform the following: (1) immediately notify the Food Distribution Division (FDD) when terminating the contract and request guidance as to the disposition of the remaining inventory; (2) prepare and submit monthly inventory reports for commodities on hand by the tenth of the month following inventory; and (3) obtain approval of the FDD before disposition of commodities in any form, whether by sale, exchange, transfer, issuance, et cetera. As of August 1, 1994, a contract was signed with a private corporation to assume responsibility for the provision of food services. Correspondence indicates that necessary steps to provide continuing approval of the program at the medical center were not followed as prescribed in a letter dated August 29, 1994, from the Department of Agriculture and Forestry, thereby causing a need to terminate the contract to participate in the commodities program. The medical center failed to perform the following:

1. Notify the FDD in writing as to termination of the contract in a timely manner.
2. Prepare and submit to the FDD the commodity inventory reports after August 1994.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

3. The private entity was issued and used \$2,987 of inventory without the benefit of approval of the FDD.

Noncompliance with the requirements of the commodities program could result in the imposition of monetary fines and imprisonment. In addition, the repayment of the value of the commodities issued after private entity operations began may be required.

We recommend that the medical center comply with the Food Distribution Program and contact the Food Distribution Division to obtain instructions on the disposition of the remaining commodities and to determine the outcome of the use of the \$2,987 of commodities by the private entity. In a letter dated June 30, 1995, Mr. Harold White, Vice Chancellor for Business and Reimbursements, concurred with the finding and recommendation and stated corrective action has been taken (B-85).

NICHOLLS STATE UNIVERSITY

Loan Applications

Nicholls State University electronically submits student loan applications to the guarantor from data on the award record; however, the university does not maintain a copy of the Federal Family Education Loans (FFEL) application in the students' files. The Code of Federal Regulations [34 CFR 682.610 (b)] requires that a school shall maintain a copy of the loan application or a hard copy of the data electronically submitted to the lender. The university uses source documents as evidence to support the loan. However, without copies of the loan application, management cannot be assured that the document is processed accurately. In addition, failure to maintain FFEL loan applications makes it difficult to verify the information reported by the university to the guarantor.

We recommend that Nicholls State University comply with the Code of Federal Regulations and maintain a copy of loan applications or be able to produce a hard copy of the data electronically submitted. In a letter dated November 16, 1995, Ms. Allison A. Kleinpeter, Financial Aid Director, concurred with the finding and recommendation and stated that corrective action has been taken (B-97).

Refunds to the Title IV Programs

Nicholls State University did not calculate refunds and repayments to the Title IV programs properly. The Code of Federal Regulations [34 CFR 668.22(a) and (b)] states that if a student officially withdraws, drops out, or is expelled from the school on or after the first day of class of a payment period and the student received assistance under any Title IV, Higher Education Act of 1965 (HEA) Program other than the College Work Study (CWS) Program, an institution shall

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

return a portion of a refund owed a student to the Title IV, HEA Program. The federal regulations provide specific guidance as to what may or may not be included in the refund or repayment calculations. Also, federal regulations direct the institution to calculate all possible refund amounts by using the pro rata, institution, and Appendix A methods and use the calculation that provides the largest refund. In our test of 24 students who officially withdrew from the university, 6 student (25 percent) refunds totaling \$1,430 and \$412 in fiscal years 1994 and 1995, respectively, were not paid to HEA programs. These instances of noncompliance occurred because of the university personnel's misinterpretation and misapplication of the refund methodology.

In addition, Federal Family Education Loan (CFDA 84.032) and Federal Pell Grant (CFDA 84.063) refunds were not submitted on a timely basis. The Code of Federal Regulations [34 CFR 668.22(e)] requires that refunds to Title IV programs be made by the university within 30 (Federal Pell Grant) or 60 (Federal Family Education Loan) days; however, the refunds were made after the student's withdrawal date as follows:

<u>Program</u>	<u>June 30, 1994</u>		<u>June 30, 1995</u>	
	<u>Occurrence</u>	<u>Days</u>	<u>Occurrence</u>	<u>Days</u>
Federal Family Education	1	266	NONE	NONE
Federal Pell Grant	2	62 and 210	4	40-68

We recommend that Nicholls State University comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. To achieve this, we suggest that the university personnel responsible for Title IV refunds and repayments become more familiar with the federal regulation and the university's policies and procedures for making refunds and repayments. In a letter dated November 16, 1995, Ms. Allison A. Kleinpeter, Financial Aid Director, concurred with the finding and recommendation and stated corrective action has been taken (B-98).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

Student Financial Aid

The Student Financial Assistance Office of the U.S. Department of Education performed a program review of Nicholls State University for fiscal years 1991-1992 and 1992-1993 and issued its Program Review Report on August 25, 1994. The following findings pertaining to the university's compliance with federal regulations were presented in the report. Also included are the corrective actions taken by the university.

Failure to Consider All Financial Aid

The Federal Family Education Loan (FFEL) (CFDA 84.032) applications for one student disclosed that all financial aid for the loan period was not included in the loan certifications for the Federal Stafford Loan Program and two Federal Supplemental Loan to Students loans for 1992-93 award year. The student indicated on the "Financial Aid Data Form" that she would receive up to \$2,000 per year of Work Connection Title III funds. The institution did not include these funds in the "Financial Aid for Loan Period" section of the school's certification as required by the Code of Federal Regulations (34 CFR 682.200 and 682.603). In response, the university researched the student's file to make sure an overaward condition did not exist.

FFEL Entrance/Exit Counseling Not Documented

There was no documentation for FFEL (CFDA 84.032) entrance/exit counseling found in four students' files (one entrance and three exit counseling documents). The Code of Federal Regulations [34 CFR 683.604(f)(g)] provides that the institution must conduct an in-person exit interview with each Federal Stafford Loan Program and Federal Supplemental Loan to Students borrower shortly before he/she ceases at least half-time study at the school. If the borrower withdraws/graduates without the institution's prior knowledge and did not attend an exit interview, the institution must mail written counseling materials to the borrower within 30 days after learning the borrower has withdrawn. On September 1, 1994, the university mailed the entrance and exit counseling material to the borrowers.

Federal Perkins Loan Entrance Counseling Not Conducted

The program officers found no documentation in one student's file to verify that the Federal Perkins Loan Program (CFDA 84.038) borrower received the required entrance interview. After further discussions with institutional officials, it was determined that the institution does not provide Federal Perkins Loan Program borrowers with any of the required written materials. The Code of Federal Regulations (34 CFR 679.16) provides that institutions are required to provide written information to all Federal Perkins Loan Program borrowers before making and disbursing the first disbursement. The university

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

has established policies and procedures that will document the required entrance counseling.

**Federal Perkins Funds Not Maintained
in an Interest-Bearing Account**

Certain Federal Perkins Loan Program (CFDA 84.038) funds were not in an interest-bearing account for at least a five-year period (1990 through 1994). The Code of Federal Regulations [34 CFR 674.19(b)(4)(i)] requires that an institution shall ensure that all the cash in its Federal Perkins Loan Program is deposited in interest-bearing bank accounts. The university calculated and forwarded the expected interest earnings totaling \$3,087 to the U.S. Department of Education on January 24, 1995.

**Excess Federal Perkins Loan Program
Cash Balance Maintained**

The university has been maintaining excess cash in its Federal Perkins Loan Program (CFDA 84.038) account. For the past five fiscal years (1989-90 through 1993-94), the institution has had to return a total of \$171,481 (\$49,442; \$47,116; \$29,847; \$22,920; and \$22,156, respectively) to the U.S. Department of Education. The Code of Federal Regulations [34 CFR 674.17(b)(1)(i)] provides for a capital distribution of Federal Perkins Loan Program funds under Section 466(c) of the Higher Education Act of 1965, as amended. The Act provides for the return of excess Federal Perkins Loan Program cash to the U.S. Department of Education when the institution has accumulated more cash on hand than necessary to carry out the program for the year. The program officers requested that the university analyze its Federal Perkins Loan Program portfolio and determine if it can alleviate the excess cash situation it has been consistently having. Nicholls State University feels that it has not maintained excess levels of cash on hand. Management stated that a cash balance sufficient to maintain the current authorized lending level has been maintained for any given year. As required, the university performed the formula calculation using the current authorized lending level and returned any excess funds to the U.S. Department of Education. For fiscal year ending June 30, 1995, the university prepared a cash flow projection that did not show excess cash.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

**Fiscal Operations Report and Application (FISAP)
Income Grid Data Incorrect**

The supporting documentation for the FISAP Income Grid for the 1991-92 award year indicates that the institution submitted the incorrect data. It appears that the institution submitted all of the data for the prior award year instead of the accurate data for the 1991-92 award year. This deficiency was found by reviewing line 31 of the grid, verifying the supporting documents, and having discussions with institutional officials. In accordance with the Code of Federal Regulations (34 CFR 674.19), the institution corrected the FISAP with the correct information and submitted it to the U.S. Department of Education.

In a letter dated November 16, 1995, Ms. Allison A. Kleinpeter, Financial Aid Director, stated that the U.S. Department of Education forwarded notification to the university stating that all outstanding findings had been resolved and the report had been closed (B-99).

NORTHWESTERN STATE UNIVERSITY

Title IV Funds Refunds and Repayments

For the fourth consecutive year, Northwestern State University has not complied with the Code of Federal Regulations [34 CFR 668.22(a), (b), (e), (g), (i) and 682.607(c)] regarding refunds and repayments of the Federal Pell Grant Program (CFDA 84.063) and Federal Family Education Loans (CFDA 84.032) funds. Our test of 25 students who officially withdrew from school disclosed that:

- For six students the refund or repayment was incorrectly or not calculated at all. For six students the portion of the refund allocated to Title IV Higher Education Act programs (HEA) was not returned to the appropriate lender within the required 60-day period.
- For five students the portion of the refund allocated to HEA programs was not returned to the appropriate program account by the institution within 30 days.
- For nine students the proper refund was not posted to the student account within 30 days.

These instances of noncompliance occurred because of a lack of communication between the Financial Aid Office and the Registrar's Office, misapplication of federal regulations, and not having adequate controls in place to detect such errors. As a result, the university is not in

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

compliance with federal regulations and could be subjected to disciplinary actions by the grantor agency.

We recommend that Northwestern State University comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. Better lines of communication should be established between the various departments involved in the resignation process. Management should also review and evaluate its internal controls relating to compliance with these programs. In a letter dated August 8, 1995, Dr. Robert A. Alost, President, stated that the Registrar and Student Financial Aid Director have revised their procedures to provide prompt and timely refund calculations. In addition, a new software system has been implemented to calculate refunds and repayments and this system is being monitored daily by the Financial Aid staff to ensure compliance (B-106).

PUBLIC HEALTH, OFFICE OF**Dual Participation in Federal Programs**

For the seventh consecutive year, the Office of Public Health (OPH) has not ensured that recipients of the Commodity Supplemental Food Program (CFDA 10.565, CSFP) and recipients of the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) do not participate in both programs. The Code of Federal Regulations (7 CFR 247.7) states that OPH is responsible for the detection of dual participation in these programs. OPH has developed a computer program to detect dual participation, and in February 1995, OPH established written policies and procedures for appropriate action against dual participants. However, because of problems in uploading data into the computer, a report that identifies dual program participants has not been produced. The value of the food distribution in the parishes subject to dual participation in CSFP and WIC Program for fiscal year 1995 was \$12,802,734 and \$25,326,575, respectively.

To be assured that recipients do not participate in both programs, OPH should identify and correct the problems in uploading the data in the computer and should timely produce a report identifying dual participants. In addition, appropriate action should be taken against individuals identified as participating in both programs. Management of OPH informed us, in a letter dated August 22, 1995, that it concurred with the finding that OPH did not monitor and prevent dual participation. However, newly received software and developed procedures will allow OPH to produce a dual participation report for September 1995, and every subsequent month thereafter. A written procedure has been developed for dual participants, and it is part of OPH policy (B-129).

Reconciliation of Food Instruments

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

For the second consecutive year, the Office of Public Health (OPH) has not performed a reconciliation of each food instrument issued with food instruments redeemed for the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC). The Code of Federal Regulations [7 CFR 246.12(n)] requires the state agency to identify disposition of all food instruments by performing a reconciliation of each food instrument issued to food instruments redeemed within 150 days of the first valid date for participant use.

Because of a problem in the loading of data from the food instruments issue sites to the mainframe computer, the volume of the unmatched records was so high that the resulting report was unworkable, and a reliable and timely reconciliation could not be performed. OPH issues approximately 199,000 food instruments monthly totaling approximately \$6,200,000. By not identifying the disposition of food instruments within 150 days of the instrument's validation date, lost, stolen, or expired instruments could be cashed and not detected in a timely manner. Also, the Code of Federal Regulations [7 CFR 246.23(a)(4)] states that the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture could issue a claim against OPH for its unreconciled instruments.

We recommend that OPH resolve any problems associated with the uploading of information into its mainframe computer and perform timely reconciliations of the food instruments. In a letter dated August 22, 1995, management of OPH concurred with the finding that a reconciliation of food instruments was not performed because of a problem in uploading information from the 120 clinic sites around the state. However, by September 1995, the needed data will be uploaded manually and through telecommunications, and a reconciliation report will be produced in September. Uploading data from the individual sites will be monitored on a weekly basis beginning in September 1995, to ensure that a reconciliation report is produced and researched on a monthly basis (B-132).

REGIONAL MANAGEMENT CENTER 8, MONROE**Eligibility**

Regional Management Center 8, Monroe has not maintained adequate records to provide verification of eligibility of the students participating in the Single Parent Program within Vocational Education - Basic Grants to States (CFDA 84.048). The guidelines for the program specify that for the Single Parent Program "person having the greatest financial need shall be served." The Basic Grant Program can provide supplementary services for disadvantaged students (economically or academically). Eligibility is based on qualifications for participation in certain other federal programs. Also, for the Single Parent Program, documentation must show proof of parenthood, marital status, and custody or joint custody. In addition, good internal accounting controls require that adequate policies, procedures, and practices be implemented to accurately report the activities of such programs, specifically, the verification of eligibility of

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

participants. Our test of eligibility disclosed that 11 of 41 student participants tested did not have verification of eligibility in their folders. Five of the 11 students received payments totaling \$8,917 from the Single Parent Program. The other 6 students received benefits of \$287 from the Basic Grant Program.

Because the region did not maintain adequate documentation of eligibility, the region cannot be assured that the student participants met the eligibility requirements established for the programs, thus \$9,204 is considered questioned cost.

Management of the region should review the procedures relating to verification of eligibility documentation and implement any necessary changes to ensure that the students participating in the programs that met the eligibility requirements have such documentation available. In a letter dated June 1, 1995, Mr. Kenneth Bridges, Regional Director, stated that a directive will be issued to the technical institute directors to establish a checklist of eligibility requirements for students receiving federal assistance and before payment to the student, a representative of the institute will attest to the eligibility requirements (B-142).

Federal Pell Grant Program - Student Certifications

Regional Management Center 8, Monroe did not comply with the Code of Federal Regulations and the Financial Aid Student Handbook regarding student certifications required by the Federal Pell Grant Program (CFDA 84.063). The Code of Federal Regulations [34 CFR 668.32(a)(2)] states that a student must "certify that he or she will use any funds received solely for educational expense connected with attendance at the institution." The Code of Federal Regulations also requires that a student participating in the Title IV, Higher Education Act of 1965 (HEA) federal financial aid program must certify either that he or she is registered with Selective Service or that, for a specified reason, he or she is not required to be registered. The Financial Aid Student Handbook, Chapter 2, page 19, states that students are required to certify that the information specified in the "Statement of Updated Information" on the Student Aid Report has not changed.

Our test of the center's Pell Grant Program disclosed that two schools overlooked having the students complete all required certifications before disbursing financial aid for 3 of the 31 student files examined. The schools' disbursement of aid to students who had not completed all required certifications could result in ineligible students receiving financial aid.

We recommend that the schools in the region adhere to established policies and procedures to ensure that all certifications are obtained before any financial aid is disbursed. In a letter dated June 1, 1995, Mr. Kenneth Bridges, Regional Director, stated that a person, other than the person requesting Pell Grant payments, will check student folders to ensure that all certifications are obtained, to include the signature of the student on the Statement of Updated Information on the Student Aid Report (B-143).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

SOCIAL SERVICES, DEPARTMENT OF**Audit Report Monitoring**

For the second consecutive year, the Department of Social Services does not have an adequate monitoring system to ensure that all of its subrecipients receiving \$25,000 or more of federal funds and that cost-reimbursement contractors funded with \$100,000 or more of state funds are audited in accordance with *Government Auditing Standards*. Federal laws (OMB Circular A-128 and A-133) require the department to ensure that each subrecipient of federal pass-through funds totaling \$25,000 or more has an audit performed that will comply with the applicable circular. Also, state law (LAC 34:V.134) gives the department the options of requiring audits, examining source documents for each payment request, or using internal auditors to do frequent surprise contract compliance audits of contractors that receive \$100,000 or more in state funds.

The department has not developed a comprehensive monitoring system to ensure that all audit reports are received and reviewed. Failure to ensure that federal subrecipients or cost-reimbursement contractors are audited in accordance with *Government Auditing Standards* increases the risk that federal subrecipients or contractual providers will not expend federal financial assistance or state funds, respectively, in accordance with applicable laws and regulations.

The Department of Social Services should establish a monitoring system to ensure that federal subrecipients and cost-reimbursement contractors are audited as required by federal and state laws and regulations. In a letter dated September 12, 1995, Mr. Thomas Joseph, responding on behalf of Ms. Gloria Bryant-Banks, Secretary of the Department of Social Services, stated that the department concurred with the audit finding. He further stated that the department issued procedures on January 6, 1995, requiring evaluation of the monitoring system within one year from that date to ensure the efficiency and effectiveness of the established system (B-149).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

Family Support Case Reviews

For the eighth consecutive year, the Department of Social Services, Office of Family Support, Quality Control Section did not submit the case review findings to the federal government within required time frames for the Family Support Payments to States - Assistance Payments Program (CFDA 93.560). The Code of Federal Regulations (45 CFR 205.42) requires the department to submit the results of reviews of case files for each month to the federal government within the following time frames:

- Seventy-five percent of the reviews must be submitted within 75 days of the end of the sample month;
- Ninety-five percent of the reviews must be submitted within 95 days of the end of the sample month; and
- One hundred percent of the reviews must be submitted within 120 days of the end of the sample month.

The department did not meet the 75-day submission time frame for one month of the fiscal year. The 95-day time frame was not met for five months, and the 120-day time frame was not met for four months. These conditions may be attributed to the complexity of some of the cases reviewed. Failure to submit the results of the reviews in a timely manner deprives the state of the right to request a waiver of cost disallowances, if any, resulting from these reviews.

The Department of Social Services, Office of Family Support, should ensure that the cases are reviewed in a timely manner and the results are transmitted to the federal government within the time frames established by the Code of Federal Regulations. In a letter dated November 21, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and outlined a plan of corrective action (B-153).

Federal Reports

The Department of Social Services, Office of Management and Finance, did not ensure that all reports required by the Food Stamps Program (CFDA 10.551) were filed timely and contained accurate information. The Code of Federal Regulations [7 CFR 273.18(h)(2)] requires the department to submit the Status of Claims Against Households Report (Form FNS-209) no later than 30 days after the end of each quarter. However, the report for the quarter ended December 31, 1994, which was due by January 30, 1995, was not submitted until June 21, 1995, a delay of approximately five months. Furthermore, the report contained 11 errors that had an absolute value of \$54,126.

The inaccuracies in the report were due to various mathematical errors and omissions made by department personnel that were not detected in the review process. The report was submitted

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

late because of an oversight by the employee responsible for its submission. As a result of these deficiencies, the federal grantor was not provided accurate and timely information to facilitate monitoring adjustments to the state's letter of credit.

The department should ensure that all reports required by federal grantors are filed timely and contain accurate information. In a letter dated November 13, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and recommendation. Mr. Joseph pointed out that although mathematical errors with an absolute of \$54,126 were made, only 7 of the 11 errors would affect the department's letter of credit at the net amount of \$369 (B-155).

Office of Family Support Referral Process

The Department of Social Services, Office of Family Support, did not consistently adhere to prescribed procedures for referring Family Support Payments to States - Assistance Payments (CFDA 93.560, AFDC) cases to the Child Support Enforcement Program (CFDA 93.563, Title IV-D). The Code of Federal Regulations [45 CFR 235.70] requires that prompt written notice (two working days) be provided to the designated child support agency whenever aid is furnished to a child who has been deserted or abandoned by a parent or to a pregnant woman under AFDC foster care programs.

We reviewed 30 AFDC certified cases for which the AFDC/Title IV-D referral process should have been made and found 21 instances (70 percent) in which a referral was not made or the referral was not made within the required time frame. Without prompt referrals, absent parents cannot be pursued for child support payments in a timely manner. Failure to follow prescribed procedures could result in increased state expenditures through lower federal reimbursement rates and/or federal sanctions and disallowances.

The department had an automated referral process between the two programs (AFDC and Title IV-D). However, the automated referral process has not been operational since the Title IV-D Program changed computer systems in December 1994.

The Department of Social Services should restore the automated referral process or otherwise require all parish eligibility offices and regional Title IV-D offices to establish controls that will ensure that the proper referral process between AFDC and Title IV-D occurs. In a letter dated October 9, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and stated that an improved automated referral process became operational on September 25, 1995, enabling the department to provide referrals on all cases certified since the change in computer systems and to correctly make referrals in the future (B-161).

Title IV-D Intake and Collection Activities

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

For the second consecutive year, the Department of Social Services, Office of Family Support, did not perform proper intake, enforcement, and collection activities in the Child Support Enforcement Program (CFDA 93.563, Title IV-D). The Code of Federal Regulations (45 CFR 302 and 303) specifies procedures and timeframes for opening cases, establishing paternity, locating absent parents, and enforcing obligations. However, we noted the following:

- Our review of 30 intake cases disclosed that proper intake procedures had not been performed for 22 (73 percent) of the cases. Of these cases, we found that 16 cases had not been opened timely and 6 cases did not have adequate paternity establishment and/or parent locate procedures.
- Our review of 40 collection cases disclosed that proper collection procedures had not been performed for 11 (28 percent) of the cases. Adequate enforcement had not been performed for these cases.

Management attributes these conditions to a combination of overworked employees, with tremendous caseloads and an overabundance of federal regulations and timeframes, and simple human error. Failure to adhere to federal regulations concerning intake and collection activities could result in federal sanctions or disallowances and lower support collections.

The Department of Social Services, Office of Family Support, should ensure that all Title IV-D regional offices adhere to applicable federal regulations relating to intake and collection activities. In a letter dated September 15, 1995, Mr. Thomas Joseph, Director, Division of Fiscal Services, concurred with the finding and outlined a plan of corrective action (B-165).

TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF

Ineligible Costs

The Department of Transportation and Development did not always properly code or provide adequate reviews of acquisition payments made to property owners under the Highway Planning and Construction Program (CFDA 20.205). Title 23 of the Code of Federal Regulations section 710.304 defines the federal reimbursement policy for costs associated with the acquisition of real property and identifies specific costs that are ineligible for federal participation, including expert witness fees. Our review of 13 court awards identified one payment for \$4,638 for expert witness fees. These costs were ineligible for federal reimbursement and were inappropriately billed to the Federal Highway Administration (FHWA).

Because the department did not always conduct an adequate review of acquisition payments, ineligible costs have been charged to and reimbursed by the federal government. The

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

department may be required to reimburse the federal government for these ineligible costs, and the possibility of losing future federal funds for real estate acquisitions is increased.

We recommend that the department improve its reviews of real estate appraisals and acquisition payments to ensure that only those costs that are eligible for federal participation are included in the request for federal reimbursement. The department should also consult with the FHWA to determine the appropriate method of returning the \$4,638 in ineligible costs. Management concurred with the finding and stated that the situation which led to the inclusion of expert witness fees in the federal reimbursement request was unusual. Management is confident that its existing systems and procedures are sufficient to avoid any recurrence (B-208).

UNIVERSITY OF NEW ORLEANS**Refunds to the Title IV Programs**

For the fifth consecutive year, the University of New Orleans does not always adhere to the Code of Federal Regulations regarding refunds to the Title IV Higher Education Act of 1995 (HEA) programs. The Code of Federal Regulations [34 CFR 668.22 (a)] states that if a student officially withdraws, drops out, or is expelled from the university on or after the first day of class of a payment period and the student received assistance under any Title IV, HEA Program other than the Federal Work Study (FWS) Program, an institution shall return a portion of a refund owed to a student to the Title IV, HEA Program. The federal regulations provide specific guidance as to what may or may not be included in the refund or repayment calculations. In our test of 20 students who officially withdrew from school, the university calculated an institutional refund as opposed to a prorata refund for one student (5 percent) resulting in a \$354 underpayment to the HEA program. Also, federal regulations direct the institution to calculate all possible refund amounts by using the prorata, institution, or Appendix A method and use the calculation that provides the largest refund. In our test of 20 students who officially withdrew from the university, three student refunds (15 percent), totaling \$663, were not paid to HEA programs because the university did not use the method that provided the largest refund (Appendix A method).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Concluded)

The Code of Federal Regulations [34 CFR 668.22 (g)] requires that refunds to a Title IV Program [Federal Pell Grant Program (CFDA 84.063)] be made by the university within 30 days. However, refunds for two Federal Pell Grants were returned 36 days and 55 days after the students' withdrawal dates.

We recommend that the University of New Orleans comply with the Code of Federal Regulations regarding refunds of Title IV funds. To achieve this, the university personnel responsible for Title IV refunds should become more familiar with the federal regulations and the university's policies and procedures for making refunds. Management of the university concurred with the finding and recommendation and outlined a plan for corrective action (B-90).

Schedule F

Noncompliance With Specific
Requirements Applicable to
Nonmajor Federal Financial
Assistance Program Transactions
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
For the Year Ended June 30, 1995

EXECUTIVE DEPARTMENT

Subrecipient Monitoring and Audit Resolution

For the third consecutive year, the Louisiana Federal Property Assistance Agency (LFPAA) does not have a system to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the Donation of Federal Surplus Personal Property Program (CFDA 39.003) are audited, and audit reports are received for resolution as required by Office of Management and Budget (OMB) Circular A-128. For the fiscal year ended June 30, 1995, we noted that ten state agencies received property valued at over \$25,000 (23.3 percent of original acquisition cost), two of which received over \$100,000. We also noted that 16 local government or nonprofit subrecipients received over \$25,000 (23.3 percent of original acquisition cost), three of which received over \$100,000. The LFPAA has not obtained audit reports on the local government or nonprofit subrecipients.

A monitoring system should ensure that independent audits are performed; audit reports are reviewed; desk reviews of the independent audit reports are performed to determine compliance with OMB Circular A-128 for state and local governments and A-133 for nonprofit organizations and colleges and universities; and corrective action is taken in instances of noncompliance within six months after receipt of audit reports.

The LFPAA should develop a system to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the program are audited, and reports are received for resolution in a timely manner. Management of the department concurred with the finding and recommendation. See management's response at B-26.

HEALTH AND HOSPITALS, DEPARTMENT OF

Allocation of Block Grant Funding

For the second consecutive year, the Department of Health and Hospitals did not comply with the statutory formula for disbursing Substance Abuse Prevention and Treatment (SAPT) Block Grant (CFDA 93.959) funds. Our review of disbursements for the grant disclosed the following:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)**

- The Code of Federal Regulations, 45 CFR 96.124(b), requires that at least 20 percent of the total grant award be used for primary prevention activities. Although the department reported expenditures in excess of the set-aside, our examination of 16 contracts allocated to prevention activities disclosed that expenditures of \$30,793 associated with "treatment only" services had been allocated to prevention. Reclassification of these expenditures would cause the department to fall short of the prevention set-aside by \$21,038.
- The Code of Federal Regulations, 45 CFR 96.124(c)(2), requires the department to spend at least 5 percent of the grant award to increase (relative to the amount spent in federal fiscal year 1993) the availability of treatment services to pregnant women and women with dependent children. Based on this requirement, the department should have spent \$2,430,472 on expanded women's services while actual expenditures for this category totaled only \$1,868,328 or \$562,144 less than the amount required.

These conditions occurred because the department does not have sufficient monitoring procedures in place to ensure that allocations are accurate and in accordance with federal funding requirements. Failure to adequately monitor and properly allocate the expenditures of the grant into the mandatory set-aside categories could cause the department to violate federal funding requirements, thereby creating questioned costs to the state.

We recommend that the department enhance current procedures and/or implement new procedures that will ensure that classifications and allocations of expenditures are accurate and that all set-aside requirements are met. In a letter dated November 21, 1995, Mr. Joseph Williams, Jr., Deputy Assistant Secretary of the Office of Alcohol and Drug Abuse, concurred that the current data collection system indicates that the department did not meet the required set-asides but believes that the current system may not be capturing actual expenditures appropriately. Mr. Williams outlined a plan of corrective action to improve the department's data collection system and to supplement this procedure with manual capture of certain data (B-36).

Audit Report Monitoring

For the second consecutive year, the Department of Health and Hospitals does not have a monitoring system to ensure that all of its subrecipients receiving \$25,000 or more of federal funds and cost-reimbursement contractors funded with \$50,000 or more of state funds are audited in accordance with *Government Auditing Standards*. Federal laws (OMB Circulars A-128 and A-133) require the department to ensure that each subrecipient of federal pass-through funds totaling \$25,000 or more has an audit performed that will comply with the applicable circular. In addition, departmental policy requires that all nongovernmental providers receiving \$50,000 or more in state funds from one or more cost-reimbursement contracts secure a financial and compliance audit.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)

The department has not developed a comprehensive monitoring system to ensure that all audit reports are received and reviewed. Failure to ensure that federal subrecipients or cost-reimbursement contracts are audited in accordance with *Government Auditing Standards* increases the risk that federal subrecipients or nongovernmental providers will not expend federal financial assistance or state funds, respectively, in accordance with applicable laws and regulations.

The Department of Health and Hospitals should enhance its established procedures to ensure that federal subrecipients and cost-reimbursement contractors are audited in accordance with *Government Auditing Standards* as required by applicable laws and regulations and that all findings are reviewed for subsequent resolution in a timely manner. In a letter dated August 23, 1995, Mr. Stan Mead, Director, Division of Fiscal Management, concurred with the finding and recommendation. Mr. Mead stated that the department has now developed a tracking system and related policy for its implementation and will begin using the system as soon as the policy receives final approval (B-42).

NICHOLLS STATE UNIVERSITY**Academic Success Grant**

Nicholls State University did not submit its final performance reports timely in accordance with special conditions and provisions of the Student Support Services Program (CFDA 84.042) under the Academic Success Grant. According to the grant's special conditions and provisions, the final performance report is to be filed within 90 days of the end of the budget period.

The university did not adhere to these special provisions when it submitted the final performance report for the budget period ending August 31, 1993, and August 31, 1994, on December 17, 1993, and December 15, 1994, respectively. The final performance reports were 18 days late for the 1993 budget period and 16 days late for the 1994 budget period. The program director said that the reports were not filed within the 90 days because of delays in receiving computer generated information. Because the final performance reports were filed late, the federal government did not have timely access to the information included in the final performance reports.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Concluded)

Nicholls State University should take the necessary steps to accumulate supporting data in a timely manner to ensure that reports are filed timely. In a letter dated November 17, 1995, Mr. Mike Naquin, Controller, stated that management of the university concurred with the finding and recommendation and has taken the necessary steps to ensure that the final performance report is submitted by the due date as specified in the grant (B-95).

Upward Bound Program

Nicholls State University could not provide documentation for requesting and receiving the necessary waiver for a part-time project director for its Upward Bound (CFDA 84.047) Grant. The Code of Federal Regulations (34 CFR 645.43) states that each grantee will engage a full-time program director. This full-time requirement may be waived by the Secretary, U.S. Department of Education.

During our test of the Upward Bound Program, we noted that the program director's time and salary is being charged 90 percent to the Upward Bound Grant as the program director and 10 percent to the university for counseling services. In addition, we were informed that the program director was not aware that a waiver for a part-time program director was needed. Because the university could not provide documentation for requesting and receiving the necessary waiver, we could not determine that the necessary approvals were obtained that would allow the university to charge 10 percent of the program director's time and salary to the university for counseling services.

Nicholls State University should obtain the necessary waiver for a part-time director for the Upward Bound Program or discontinue the counseling services for the university and devote 100 percent of his/her time and salary to the Upward Bound Program. In a letter dated November 16, 1995, Mr. Mike Naquin, Controller, stated that a plan for corrective action has been established (B-100).

Schedule G

Summary of Findings and Recommendations
From Other External Audits
For the Year Ended June 30, 1995



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits
For the Year Ended June 30, 1995

**REPORTABLE CONDITIONS IN THE
INTERNAL CONTROL STRUCTURE**

FIFTH LOUISIANA LEVEE DISTRICT

Independent auditors performed an audit of the Fifth Louisiana Levee District's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated September 7, 1995. Their report on the internal control structure noted that the inventory of general fixed assets included very old items that probably no longer exist. In addition, the listing of general fixed assets is not compiled in a manner that is easily read and cannot be used quickly to identify which assets are in inventory and which have already been deleted. The auditors recommend that the fixed asset listing be reworked so that only those items on hand are listed. Items that no longer exist should be deleted from the listing. See management's response at B-28.

GREATER KROTZ SPRINGS PORT COMMISSION

Independent auditors performed an audit of the Greater Krotz Springs Port Commission's financial statements for the year ended June 30, 1995, and have issued their report thereon dated September 12, 1995. Their report on the internal control structure noted that the commission did not receive monthly reports from a lessee documenting the incoming/outgoing barrels, tonnage, et cetera, used to support the lease income received. The auditors recommend that the commission should request monthly reports from all lessees to determine that the lease income received is in compliance with the applicable lease agreement. Management's response, contained in the independent auditor's report, stated that the commission will require that all payments received be accompanied by the supporting monthly reports and that the reports will be reviewed for accuracy and completeness.

LEGISLATIVE FISCAL OFFICE

Independent auditors performed an audit of the Legislative Fiscal Office's financial statements for the year ended June 30, 1994, and have issued their report thereon dated August 16, 1994. Their report on the internal control structure noted that the Legislative Fiscal Office purchased movable property, which was not tagged in accordance with state property control regulations. The auditors recommend that the Legislative Fiscal Office's policies and procedures manual be updated to address applicable movable property regulations. Management's response, contained in the independent auditor's report, stated that since this matter has been brought to the attention of management, management has reconciled the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

property control records to the financial statements, subsequently tagged all movable property, and forwarded all pertinent inventory information to the Louisiana Property Assistance Agency director.

LOUISIANA BOARD OF PHARMACY

Independent auditors performed an audit of the Louisiana Board of Pharmacy's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 4, 1995. Their report on the internal control structure noted that in some instances, travel reimbursements were based on copies of invoices. The auditors recommend that all payments be substantiated by original invoices.

**LOUISIANA EDUCATIONAL
TELEVISION AUTHORITY**

Independent auditors performed an audit of the Louisiana Educational Television Authority's financial statements for the year ended June 30, 1995, and have issued their report thereon dated August 28, 1995. The following is a summary of the significant findings contained in the internal control report:

1. Purchase orders had not been signed by the applicable cost center manager for two items included in the auditor's sample of cash disbursements. In addition, it was noted that for one additional sample item that had been purchased through a state contract, no state purchase order or requisition had been completed and approved by state personnel as required. The auditors recommend that all purchase orders be signed and approved by the applicable cost center manager. The auditors also recommend that for any items purchased under state contract, a state purchase order or requisition be completed and properly approved by state personnel.
2. For two employees included in the payroll sample tests, the time sheets selected for testing were signed by the employee but had not been signed by the employee's supervisor. It was further noted that for one employee included in the sample, the time sheet selected for testing had been signed by the employee's supervisor, but not by the employee. The auditors recommend that all time sheets be signed by both the employee and the employee's supervisor.

See management's response at B-63.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

**LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS**

Independent auditors performed an audit of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners' financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 16, 1995. The following is a summary of certain matters involving the internal control structure that were contained in the management letter:

1. The board has not complied with Louisiana movable property laws and Louisiana Revised Statutes (LSA-R.S.) 39:323-325, 328, and 330, which require the board to designate either one of its officers or employees as property manager. The Louisiana laws also require the property manager to make a complete physical inventory of the property once each fiscal year. The auditors recommend that the board comply with the Louisiana movable property laws. Management's response, contained in the management letter, stated that having been apprised of its reporting requirements, the board has appointed a property manager, ordered the appropriate forms from Forms Management, and has begun to comply with the laws.
2. The board has not complied with LSA-R.S. 39:1211, which recommends that all funds of governmental entities be deposited daily to reduce the risk of loss or theft. Management's response, contained in the management letter, stated that the board was unfamiliar with its responsibility to make daily deposits and consequently, deposited less frequently. The board is now aware of the requirements and has agreed to make deposits on a more timely basis.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

Independent auditors performed an audit of the Louisiana State Board of Medical Examiners' financial statements for the year ended December 31, 1994, and have issued their report thereon dated July 27, 1995. The following is a summary of the significant findings contained in the internal control report:

1. For the second consecutive year, for financial reporting, the board used an outside accountant to prepare its financial statements. Timely, accurate, and complete information was not provided by the outside accountant. The auditors recommend that the board install its own automated accounting system run by board personnel.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

2. For the second consecutive year, the board's control structure failed to prevent or detect misstatements of accounting information. A significant number of expenditures and revenues were coded incorrectly or misclassified. An effective internal control structure includes procedures that provide reasonable assurance of preventing or detecting errors or irregularities. The lack of such safeguards resulted in a significant number of reclassifications and corrections at the close of the year. The auditors recommend that all invoices and revenues be reviewed for proper coding. In addition, the auditors recommend that the board maintain its accounting records in-house.
3. For the second consecutive year, the accounting system failed to provide complete and accurate output that is consistent with objectives and current needs because of design flaws. A significant number of transactions/events were not recognized on a timely basis. Too many accounts were used. The numerous adjusting entries needed at year end increased the time required to adjust and close the books and delayed the preparation of the financial statements. The auditors recommend that the board establish policies and procedures that require timely reversal of accruals to the general ledger.

See management's response at B-71.

**LOUISIANA STATE BOARD OF WHOLESALE
DRUG DISTRIBUTORS**

Independent auditors performed an audit of the Louisiana State Board of Wholesale Drug Distributors' financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 6, 1995. The following is a summary of the significant findings contained in the internal control report:

1. During the period of audit from July 1, 1993 through June 30, 1995, the board had different accounting systems. The reports generated through one system were not reconciled with the reports generated through the other system and, as a result, there were significant differences in the information contained in the two reports. Furthermore, the board did not have any written policies and procedures. Consequently, the board had three financial statements for June 30, 1995--one prepared by an unlicensed CPA, one prepared from *Quicken*, and one which was prepared for submission to the Division of Administration and the Legislative Auditor. None of the financial statements reflected identical balances in all respects. The auditors recommend that the board establish a system that will accurately reflect the fiscal condition of the board and establish written policies and procedures.
2. The board did not have adequate controls to provide for safeguarding assets. The board does not use any prenumbered control documents when licenses are

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

issued. Cash receipts were not always deposited daily, and in some situations, were not deposited within 72 hours in accordance with state law. Canceled checks were not always maintained with the bank statements. Petty cash disbursements were made in excess of the petty cash balances. Petty cash reimbursements were not in all cases made payable to the petty cash custodian. Fixed assets were not reflected in the board's financial reports and there was not any reconciliation between the general ledger and the state property control report. The auditors recommend that the board establish procedures to provide for adequate controls to safeguard assets.

3. There was an absence of a sufficient level of control consciousness and significant deficiencies in the operation of internal controls. The lack of an adequate level of control consciousness will affect the operation of internal controls and can result in violations of laws and regulations that can have a material effect on the financial statements. The auditors recommend that the board obtain legal counsel and access to professional accounting personnel to assist in the areas of legal and governmental accounting issues.

See management's response at B-73.

NORTH BOSSIER LEVEE DISTRICT

Independent auditors performed an audit of the North Bossier Levee District's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated September 27, 1995. The following is a summary of the significant findings contained in the internal control report:

1. The district is so small and the number of transactions per year are so few that no formal set of books is maintained. The auditors recommend that a set of books be established in the form of columnar cash journals with balances brought forward by account.
2. The minutes of the board of commissioners did not reflect the adoption of a resolution establishing the ad valorem tax for 1993. The auditors recommend that the President review the minutes for completeness and accuracy.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

SENATE, STATE OF LOUISIANA

Independent auditors performed an audit of the Senate, State of Louisiana, financial statements for the year ended August 31, 1994, and have issued their report thereon dated February 13, 1995. The following is a summary of the significant findings contained in the internal control report:

1. For the second consecutive year, there were insufficient procedures to reconcile financial reporting with that of the operations of property control. The auditors recommend that sufficient procedures be designed and implemented that would provide for adequate reconciliation of assets held, acquired, and disposed with the financial statements prepared by Accounting Services. Management's response, contained in the independent auditor's report, stated that since this matter has been brought to the attention of management in April 1994, management has installed a computerized bar code system to track equipment transactions.
2. Movable property was not tagged in accordance with state property control regulations, and property was disposed of without the required forms to document deletions, and therefore, was not deleted from property control records. The auditors recommend that sufficient procedures be designed and implemented to provide for adequate reconciliation of assets held, acquired, and disposed of with the financial statements prepared by Accounting Services. Management's response stated that since this matter has been brought to the attention of management in April 1994, management has reconciled the property control records to the financial statements, subsequently tagged all movable property, and installed a computerized bar code system to track equipment transactions.
3. For the second consecutive year, there were some instances where certain employees were paid without adequate documentation that they were entitled to receive the compensation. The auditors recommend that management modify the system to require the documentation prior to the release of the check issued as compensation for services rendered for all employees. Management's response stated that the legislature, when in session, requires all employees to be available seven days a week for twenty-four hours a day unless the employee is out of town or has an excused absence. Historically, because the legislators do not know how late in the day employees may be needed, the employees are paid on the same basis as the legislators, on a per diem basis. This procedure has been in place since the Senate was formed. Members have been asked to attest to the fact that the employees who work for the senator or other appropriate supervisory level staff were available for work and are entitled to the compensation.

REPORTABLE CONDITIONS IN THE

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

**INTERNAL CONTROL STRUCTURE APPLICABLE
TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**LOUISIANA EDUCATIONAL
TELEVISION AUTHORITY**

Independent auditors performed an audit of the Louisiana Educational Television Authority's financial statements for the year ended June 30, 1995, and have issued their report thereon dated August 28, 1995. The following findings relating to the authority's internal control structure relating to federal financial assistance programs were contained in their report:

Special Revenue Fund

For the third consecutive year, the auditors noted that although a majority of new grants were applied for and received under the name and federal identification number of the Foundation for Excellence in Louisiana Public Broadcasting (the "Foundation"), there were still a few grants that were "passed-through" from the authority to the Foundation even though the grant award was in the name and federal identification number of the authority. The auditors recommend that the authority's personnel responsible for applying for grants continue to be aware of the importance of applying for grants in the name and federal identification number of the Foundation and that all future grants that are to be administered by the Foundation be applied for and received under the name and federal identification number of the Foundation.

Indirect Costs

For the third consecutive year, the auditors noted that amounts charged to various grant programs for administrative type indirect costs were based entirely on budgeted figures. Actual indirect costs percentages have not been documented. The auditors recommend that employees involved in the administration of the grants periodically maintain time sheets in an effort to develop an actual indirect cost percentage. This actual percentage should then be compared to the budgeted percentage so that the authority can monitor its indirect costs and negotiate, as necessary, a higher indirect cost rate on future contracts. The auditors also recommend that all indirect cost dollars be recorded as expenses of the Foundation and as income and transfers to Self-Generated Revenue if the General Fund is where the actual costs of the employees performing the administrative work is recorded.

See management's response at B-63.

LOUISIANA HOUSING FINANCE AGENCY

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

Independent auditors performed an audit of the Louisiana Housing Finance Agency's financial statements for the year ended June 30, 1995, and have issued their report thereon dated October 13, 1995. The following findings relating to the agency's internal control structure relating to federal financial assistance programs were contained in their report:

1. The agency did not record transactions of its HOME Investment Partnerships Program (CFDA 14.239) checking accounts in its general ledger. Financial statements presented to the board of commissioners did not include the transactions of the HOME program. The auditors recommend that the agency record the transactions of these accounts in its general ledger. Management's response, contained in the independent auditor's report, stated that the agency is currently recording transactions of these accounts in its general ledger on a monthly basis.
2. The agency did not review labor rates paid by contractors constructing HOME assisted multi-family projects on a timely basis. Noncompliance on the part of participating contractors could occur and would not be detected by the agency. The agency would be responsible as the primary recipient of these funds. The auditors recommend that the agency review the contractor payroll reports on a regular basis (at least monthly) as they are submitted. Management stated that they are currently reviewing initially funded projects for compliance. Appropriate actions will be taken for projects in violation. The agency has implemented a procedure to review contractor payroll reports on a timely basis. Partial developer payments or a retainage is withheld until the project resumes compliance.
3. Differences between reports in the Section 8 program prepared by the agency and submitted to the Department of Housing and Urban Development (HUD) and amounts that HUD ultimately remits based on HUD's review of the reports were not being identified or reconciled on a timely basis by agency personnel. The agency received excess funding from HUD, which remains in the agency's possession. The auditors recommend that the amounts received from HUD be compared to requisitions and/or year-end settlement reports. Also, differences should be researched thoroughly and rectified immediately by qualified personnel. Management concurred with the finding and stated that procedures have been implemented to accomplish the reconciliation on a timely basis.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated November 24, 1995. The following finding relating to the university's internal control structure relating to federal financial assistance programs was contained in their report.

**SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS**

**Calculating and Monitoring of Available
Federal Perkins Loan Funds**

During their audit of the Federal Perkins Loan Program (CFDA 84.038), the auditors noted that the university did not properly calculate the amount of available Perkins Loan funds. This condition resulted in the university disbursing \$131,250 to 121 students in excess of actual available funds. However, the university subsequently canceled the loans and re-awarded the student loans from unrestricted funds. Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) states that recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally-sponsored project or program. The Code of Federal Regulations [34 CFR Subpart A Section 674.10(a)(1)] states that an institution shall make loans to the extent of available funds to eligible students.

The auditors recommend that the university develop appropriate procedures to ensure that the calculation and monitoring of available Perkins Loan funds is performed properly. See management's response at B-199.

NONCOMPLIANCE WITH LAWS AND REGULATIONS

CRESCENT CITY CONNECTION DIVISION

Independent auditors performed an audit of the Crescent City Connection Division's (CCCD) financial statements for the year ended October 31, 1994, and have issued their report thereon dated January 4, 1995. Their management letter noted that during the year, the Interest Fund did not contain sufficient funds to cover the interest payment for May 1, 1994, and November 1, 1994. The Second Supplemental Indenture of the Series 1992 Bonds requires that the Interest Fund contain sufficient funds to equal the interest accruing on the outstanding bonds during the current bond year. After the payment of the November 1, 1993, interest, funds should have been transferred in from the Revenue Fund to cover the May 1, 1994 and November 1, 1994, interest payments, as funds became available. On December 6, 1993, \$996,402 was transferred in to cover the May 1, 1994, interest payment. Then, on June 20, 1994, \$996,402

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

was transferred in to cover the November 1, 1994, interest payment. However, funds were available in the Revenue Fund in December 1993 and January 1994 to cover the November 1, 1994, interest payment. These funds were transferred elsewhere. Accordingly, the Interest Fund was not funded in accordance with the provisions of the bond indenture for a portion of the audit year. However, all required interest payments were made as scheduled. The auditors recommend that the provisions of the indenture be followed when funding the accounts of the CCCD. See management's response at B-9.

GREATER KROTZ SPRINGS PORT COMMISSION

Independent auditors performed an audit of the Greater Krotz Springs Port Commission's financial statements for the year ended June 30, 1995, and have issued their report thereon dated September 12, 1995. Their report on noncompliance with laws and regulations noted that the commission's bank deposits were not properly secured at June 30, 1995. Adequate securities were pledged against the certificates of deposit; however, no securities were pledged against one of the demand deposit accounts. The auditors recommend that the commission establish a system whereby all bank deposits, including demand deposits, are monitored continuously to ensure that no deposits are unsecured. Management's response, contained in the independent auditor's report, stated that funds have been properly secured and that the commission will monitor bank deposits in the future.

LOUISIANA AUCTIONEERS LICENSING BOARD

Independent auditors performed an audit of the Louisiana Auctioneers Licensing Board's financial statements for the year ended June 30, 1995, and have issued their report thereon dated August 31, 1995. Their report on noncompliance with laws and regulations stated that there is no indication in the minutes that the board selected its officers for the fiscal year ended June 30, 1995. Louisiana Revised Statute 37:3112(B)(6) states that the board shall select its officers annually. The auditors recommend that the board formally select its officers in a regular or special meeting. See management's response at B-61.

**LOUISIANA BOARD OF EXAMINERS FOR SPEECH
PATHOLOGY AND AUDIOLOGY**

Independent auditors performed an audit of the Louisiana Board of Examiners for Speech Pathology and Audiology's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 26, 1995. Their report on noncompliance with laws and regulations noted that for the two years ended June 30, 1995, actual expenditures of certain individual expenditure categories exceeded the budgeted expenditures of these categories by ten percent. Also, total actual expenditures exceeded total budgeted expenditures by five percent. The board was aware of these increases but did not notify the Joint Legislative Committee on the Budget as required by Louisiana Revised Statute (LSA-R.S.)

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

39:1338. The auditors recommend that the board prepare its budget based on anticipated expenditures. The auditors also recommend that the board notify the Joint Legislative Committee on the Budget when it is aware of any possible increase in budgeted expenditures that is required to be reported to the Committee per LSA-R.S. 39:1338. See management's response at B-62.

LOUISIANA BOARD OF HEARING AID DEALERS

Independent auditors performed an audit of the Louisiana Board of Hearing Aid Dealers' financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 30, 1995. Their report on noncompliance with laws and regulations noted that the board had accumulated undesignated cash balances in excess of the current year expenditures for the two years ended June 30, 1995. The fees charged during these years, however, did not appear excessive in relation to the cost of services rendered. Management's response, contained in the independent auditor's report, stated that the board feels it is necessary to have this surplus in the event of litigation which could occur at any time.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS**

Independent auditors performed an audit of the Louisiana State Board of Embalmers and Funeral Directors' financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 26, 1995. Their management letter noted that the board used the services of a daughter of the board's secretary for providing calligraphy on the face of certain licensing certificates at \$5.00 per document. The total amount paid to this individual during the years ended June 30, 1995 and 1994, was \$220 and \$135, respectively. Louisiana Revised Statute 42:112 prohibits transactions between the governmental entity and any member of the immediate family of any public servant of the governmental entity. The auditors recommend that the board use the services of an unrelated individual to perform these services. Management's response, contained in the independent auditor's report, stated that management was not aware that the transactions violated state statute, and arrangements have been made with an unrelated party to perform these services.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

**LOUISIANA STATE BOARD OF EXAMINERS IN
DIETETICS AND NUTRITION**

Independent auditors performed an audit of the Louisiana State Board of Examiners in Dietetics and Nutrition's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 26, 1995. Their report on noncompliance with laws and regulations noted that actual expenditures of certain individual expenditure categories for the year ended June 30, 1994, exceeded the budgeted expenditures of these categories by ten percent. Also, total actual expenditures exceeded total budgeted expenditures by five percent. The board was aware of these increases but did not notify the Joint Legislative Committee on the Budget as required by Louisiana Revised Statute (LSA-R.S.) 39:1338. The auditors recommend that the board prepare its budget based on anticipated expenditures. Also, the board should notify the Joint Legislative Committee on the Budget when they are aware of any possible increase in budgeted expenditures that is required to be reported to the Committee per LSA-R.S. 39:1338. See management's response at B-70.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

Independent auditors performed an audit of the Louisiana State Board of Medical Examiners' financial statements for the year ended December 31, 1994, and have issued their report thereon dated July 27, 1995. Their report on noncompliance with laws and regulations noted that the board failed to comply with the State of Louisiana statute which requires that agency audit reports be completed within six months of the end of its fiscal year. See management's response at B-71.

**LOUISIANA STATE BOARD OF PHYSICAL
THERAPY EXAMINERS**

Independent auditors performed an audit of the Louisiana State Board of Physical Therapy Examiners' financial statements for the year ended June 30, 1995, and have issued their report thereon dated September 21, 1995. Their report on noncompliance with laws and regulations noted that, for the second consecutive year, the board had deposits in excess of federally insured limits in a single financial institution. The auditors recommend that the board request the financial institution to pledge securities against its deposits. Also, the board should review its balance held on deposit in each financial institution on a regular basis to ensure that such instances are not encountered and to safeguard its liquid assets from loss.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

**LOUISIANA STATE BOARD OF WHOLESALE
DRUG DISTRIBUTORS**

Independent auditors performed an audit of the Louisiana State Board of Wholesale Drug Distributors' financial statements for the two years ended June 30, 1995, and have issued their report thereon dated October 6, 1995. The following is a summary of the significant findings contained in the report on noncompliance with laws and regulations:

1. The board has not obtained Form W-4s on all employees. In addition, one employee hired after March 31, 1986, has had no Medicare tax withheld and the board has made no matching contribution. Publication 937 from the Department of the Treasury Internal Revenue Service requires employers to make a determination as to whether a worker is an employee or an independent contractor. Many of the factors seem to indicate that some of the workers who were paid as independent contractors should have been employees. The auditors recommend that the board review Publication 937 and make a determination of employment status on all workers who may be considered employees. In addition, all employees should be required to complete Form W-4. If back taxes are due, the auditors recommend that the board file corrected payroll tax returns for the periods in question and pay the appropriate taxes.
2. The board engaged a former board member as a part-time employee and/or contractor. Louisiana Revised Statutes (LSA-R.S.) 42:1101-1124 state that no officials or employees accept anything of value, whether in the form of a service, loan, or promise from anyone which would be considered unethical under the law. The auditors recommend that the board obtain legal counsel and discuss this issue with counsel and consider obtaining an advisory opinion from the Ethics Board. In addition, the board should establish a policy to inform board members and employees of the ethics laws and to monitor compliance with the provisions of this law.
3. For fiscal year ended June 30, 1994, the budget for the board reflected in the financial statements differed from the adopted budget. In addition, for the fiscal years ended June 30, 1995 and 1994, there were significant variances in total and between expense and revenue categories. The auditors recommend that the board prepare budgets in accordance with the Louisiana Licensing Agency Budget Act (LSA-R.S. 39:1331).
4. At June 30, 1995, the board had accounts at financial institutions amounting to \$134,040, which is greater than the federal depository insurance amount of \$100,000. At other times during the year, the amounts on deposit were greater than \$134,040. Also, there has been no determination as to whether the financial institution is an approved bank for the board's funds. LSA-R.S. 39:1211-45 and 49:301-327 require that the board make deposits in banks that meet certain criteria and that funds on deposit must be secured by federal

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

depository insurance and/or a pledge of securities owned by the fiscal agent bank. The auditors recommend that the board determine if the financial institution is an approved bank for the board's funds and then make the necessary arrangements to obtain the necessary pledge of collateral to cover the funds on deposit.

5. The unreserved - undesignated fund balance for the years ended June 30, 1995 and June 30, 1994, was \$128,665 and \$111,755, respectively. Total expenditures for the years ended June 30, 1995 and June 30, 1994, were \$79,533 and \$54,551, respectively. House Concurrent Resolution 174 of 1989 required the Legislative Auditor to determine the relationship between fees charged and services rendered and to report entities levying excessive fees to the Legislative Audit Advisory Council (LAAC). On July 29, 1992, the Legislative Auditor's office placed the responsibility on each auditor of a state board or commission to determine if the fees charged are excessive. The benchmark established by the Legislative Auditor's office is that if the unreserved - undesignated fund balance of the entity at year end exceeds the current year expenditures, and there are no extenuating circumstances supporting the balance, then such should be the basis for stating that excessive fees are being charged and that notification to the LAAC should occur in the auditor's report. The auditors recommend that the board obtain legal counsel and establish access to a qualified accounting professional or some other competent advisor in an effort to resolve this matter.

See management's response at B-73.

**LOUISIANA STATE RADIO AND TELEVISION
TECHNICIANS BOARD**

Independent auditors performed an audit of the Louisiana State Radio and Television Technicians Board's financial statements for the year ended June 30, 1995, and have issued their report thereon dated October 16, 1995. Their report on noncompliance with laws and regulations noted that the son of the administrator was employed on a part-time basis to do clerical work. Louisiana Revised Statute 42:119 states that no member of the immediate family of a member of a governing authority or the chief executive of a governmental entity shall be employed by the governmental entity. The auditors recommend that the board discontinue the policy of using "members of the immediate family" as part-time workers. Management concurred with the finding.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

NORTH BOSSIER LEVEE DISTRICT

Independent auditors performed an audit of the North Bossier Levee District's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated September 27, 1995. The following is a summary of the significant findings contained in the report on noncompliance with laws and regulations:

1. The district paid per diem for a board meeting for which there were no recorded minutes in the minute book. Management's response, contained in the independent auditor's report, stated that the President will see that all minutes are properly recorded in the official record.
2. The district is in violation of Louisiana Revised Statute (LSA-R.S.) 43:143, which requires publication of the board minutes in its official journal. Management's response stated that the board of commissioners will advertise for and obtain an official journal and begin publishing the board minutes.
3. The district is in violation of Louisiana Budget Laws (LSA-R.S. 39:1301-1314). No budget was ever prepared and adopted by the board of commissioners and made a part of the board minutes. Management's response stated that the board will obtain assistance in preparation of a budget and adopt it prior to the beginning of the fiscal year.
4. The district is in violation of the Louisiana Accounting, Auditing and Financial Reporting Laws (LSA-R.S. 24:515). There was no set of books established for the General Fund. Management's response stated that the district will obtain assistance in establishing a set of books.
5. The district violated Article 7, Section 8 and Article 6, Section 33 of the Louisiana Constitution of 1974 and LSA-R.S. 47:1803-1804 by incurring indebtedness for over 90 days without prior approval of the Louisiana State Bond Commission. The district borrowed funds for 120 days from a local financial institution without notifying the Louisiana State Bond Commission. Management's response stated that the district will seek approval of the Louisiana State Bond Commission prior to borrowing any funds in the future.

ST. TAMMANY LEVEE DISTRICT

Independent auditors performed an audit of the St. Tammany Levee District's financial statements for the two years ended June 30, 1995, and have issued their report thereon dated August 9, 1995. The following is a summary of the significant findings contained in the report on noncompliance with laws and regulations:

1. The district failed to obtain State Bond Commission approval before incurring debt associated with the purchase of land and buildings. As a result, the

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

transaction may be declared null and void, unless subsequent ratification by the bond commission is obtained. A penalty of up to \$500 may be assessed. Upon discovery of this instance of noncompliance, the district began the process of gaining subsequent bond commission approval of the debt incurred.

2. At June 30, 1995, the district had invested 100 percent of its funds available for investment in a Kemper U.S. Government Bond-A Mutual Fund. Louisiana Revised Statutes state the investment of funds in mutual or trust fund institutions shall be limited to 25 percent of the monies considered available for investment. Upon discovery of this instance of noncompliance, the district began exploring options to diversify its investment portfolio.

SOUTH TANGIPAHOA PARISH PORT COMMISSION

Independent auditors performed an audit of the South Tangipahoa Parish Port Commission's financial statements for the year ended December 31, 1994, and have issued their report thereon dated February 2, 1995. Their report on noncompliance with laws and regulations contained the following instances of noncompliance:

1. The commission did not publish notice of a public hearing at least ten days prior to the public hearing. In addition, the notice of the public hearing did not contain a summary of the proposed budget as required by state law. Louisiana Revised Statutes (LSA-R.S.) 39:1304-1308 require that at least ten days prior to the holding of a public hearing on the proposed budget, a summary of the proposed budget and notice of a public hearing be published in the commission's official journal. The auditors recommend that the commission publish a summary of the proposed budget and notice of a public hearing at least ten days before the public hearing is held.
2. Actual expenditures exceeded the amounts budgeted in the General Fund by more than five percent. LSA-R.S. 39:1309-1310 require the original budget to be amended when actual expenditures exceed the amounts budgeted by five percent or more. The auditors recommend that the commission continue to closely monitor its budget and adopt budget amendments when required.

See management's response at B-167.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

STATE PLUMBING BOARD OF LOUISIANA

Independent auditors performed an audit of the State Plumbing Board of Louisiana's financial statements for the year ended June 30, 1995, and have issued their report thereon dated August 15, 1995. Their report on noncompliance with laws and regulations noted that the board is required to follow the Louisiana Licensing Agency Budget Act (Louisiana Revised Statutes 39:1331-1342), which requires, among other things, that the board submit the proposed comprehensive budget no later than the first day of January for the ensuing fiscal year. The auditors recommend that the board begin following the requirements of the Louisiana Licensing Agency Budget Act. See management's response at B-207.

**NONCOMPLIANCE WITH
GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

LOUISIANA HOUSING FINANCE AGENCY

Independent auditors performed an audit of the Louisiana Housing Finance Agency's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated October 13, 1995. The following findings relating to the agency's compliance with general requirements applicable to federal financial assistance programs were presented in their report:

1. The agency charged indirect costs to the HOME Investment Partnerships Program (CFDA 14.239) in calculating its eligible administrative fees for the HOME program. Indirect costs are allowable provided that the allocation rate used to determine the indirect costs is approved by the cognizant agency. The agency did not obtain approval for the indirect cost rate applied. The agency is in violation of program regulations and Office of Management and Budget (OMB) Circular A-87, resulting in questioned costs of \$144,280.
2. For the second consecutive year, the agency over-requested funds on several single family projects under the HOME program. The agency failed to return these excess funds to HUD timely within the 15-day period. The agency is in violation of HOME regulations regarding cash management and disbursement of HOME funds, resulting in questioned costs of \$5,411.
3. For the second consecutive year, the agency held in its account requisitioned funds of the Housing Opportunities for Persons with AIDS Program (CFDA 14.241) beyond a reasonable period of time, resulting in questioned costs of \$23,148.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

4. The agency had cash balances beyond what is necessary to fund owner requests for the Mortgage Insurance-Equity Loans Program (CFDA 14.186). The agency is in violation of the OMB's General Requirements regarding cash management.

See management's response at B-67.

**NONCOMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS****GRAMBLING STATE UNIVERSITY**

Independent auditors performed an audit of Grambling State University's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated October 30, 1995. The following findings pertaining to the university's compliance with specific requirements applicable to major federal financial assistance programs were presented in their report:

Administrative Capability

During their audit of the university's financial aid program, the auditors noted that the university did not have a permanent financial aid director during the period October 1994 through June 30, 1995. The Code of Federal Regulations [34 CFR Subpart B Section 668.16] states that an institution must designate a capable individual to be responsible for administering all Title IV programs in which it participates and for coordinating those programs with the institution's other federal and non-federal programs of student financial assistance.

Subsequent to June 30, 1995, the university hired a permanent financial aid director. The auditors recommend that the director be provided with sufficient resources, such as capable assistants and adequate computer resources, to ensure that the Title IV programs are properly managed in accordance with Title IV regulations. See management's response at B-33.

Satisfactory Academic Progress Policy

During their audit of the student financial aid program, the auditors noted that the university continued to use a satisfactory academic progress policy during the fall 1994 semester that was not in compliance with Title IV regulations. Cumulative quantitative and qualitative standards, as well as explanations on withdrawals, incomplete courses, repeated courses, and noncredit remedial course work, were not established. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(c) and Section 668.16(e)]

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

stipulates that certain standards must be established for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program.

The university implemented a new policy during the spring 1995 semester. The auditors recommend that the university continue to use the recently implemented satisfactory academic progress policy, which complies with Title IV regulations. See management's response at B-33.

Student Confirmation Reports

During their audit of the Federal Family Education Loans Program (CFDA 84.032), the auditors noted in 7 instances out of 11 instances tested that the students' status was incorrectly reported on the Student Confirmation Reports (SCRs). The students' status was being reported as less than half time when they had actually withdrawn from school. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(1)] states that upon receipt of a SCR from any guarantee agency, an institution shall accurately complete and return such report to the guarantee agency.

The auditors recommend that immediate attention be given to correcting the programming problem. In addition, they recommend that the university periodically review the status reported on SCRs to ensure similar conditions do not exist in the future. See management's response at B-34.

Refunds and Repayments to the Title IV Programs

During their audit of the student financial aid programs, the auditors noted the following instances of noncompliance:

- Five refunds and/or repayments out of 50 tested were not refunded to the appropriate Title IV program lender on a timely basis.
- One refund and repayment out of 50 tested was not calculated for a student who had withdrawn from the university, resulting in questioned costs of \$321.

The Code of Federal Regulations [34 CFR Subpart C Section 668.22] states that the institution shall return a portion of a refund owed to a student and the overpayment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. This is the fourth consecutive year a finding of this nature has been reported.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

The auditors recommend that the university adhere to established procedures with regard to the processing and payment of refunds. See management's response at B-34.

Student Financial Aid Over-Awards

During their audit of the student financial aid programs, the auditors noted that one student out of 75 students tested was awarded financial aid in excess of documented need. The university failed to consider the student's other resources when awarding Title IV funds. Failure of the university to consider all available resources resulted in the over-awarding of financial aid and questioned costs of \$1,163. The Code of Federal Regulations [34 CFR Subpart A Section 674.14(a)(1), 675.14(a)(1), and 676.14(a)(1)] states that an institution may not award financial aid to a student if the aid, when combined with other resources, exceeds the student's financial need.

The auditors recommend that the university adhere to established procedures to ensure that all available resources are used and are included as part of the student's total award package. See management's response at B-34.

Federal Family Education Loans Program Applications

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032), the auditors noted that the cost of attendance reported on the FFEL application was incorrect for 6 students out of 75 students tested. However, the incorrect reporting of the cost of attendance did not result in an overpayment. The Code of Federal Regulations [34 CFR Subpart F Section 682.603] requires an institution to provide complete and accurate information in connection with a loan application.

The auditors recommend that the university adhere to established procedures in the processing of FFEL loan applications. See management's response at B-35.

Student Aid Reports

During their audit of the financial aid program, the auditors noted that for one student out of 75 students tested the university did not obtain the student's signature on the Student Aid Report (SAR). As such, questioned costs in the amount of \$1,150 were identified. The Code of Federal Regulations [34 CFR Subpart Section 668.23(f)(i)(vii)] states that the university shall establish and maintain on a current basis, records regarding the verification of student aid application data.

The auditors recommend that the university adhere to its established procedures and ensure all SARs are signed by the related students. See management's response at B-35.

Outside Service Center

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

The independent auditors did not audit the university's compliance with the regulations governing the administration of certain student loan programs as set forth in the Code of Federal Regulations [34 CFR Part 674 and 42 CFR Part 57]. Those administrative requirements govern functions performed by the outside service center, EduServ Technologies, Inc.

The outside service center's compliance with the requirements governing the functions it performs for the university was audited by other external auditors whose report was furnished to the independent auditors. The independent auditors have presented the findings of the auditor of the outside service center in their report of findings pertaining to the university's compliance with specific requirements applicable to major federal financial assistance programs as follows:

- 34 CFR 674.43(a)(1) & (2)(i)

There were 7 occurrences out of a sample size of 47 where the first billing statement was generated less than 30 days prior to the due date. System III interprets 30 days to be equal to one month. Accordingly, statements that are due in March are generated in less than the required 30 days since February contains only 28 or 29 days. EduServ has initiated a programmatic fix to this date calculation.

- 34 CFR 674.16-17

Two occurrences out of a sample size of 47 were found to have incorrect loan numbers. One occurrence out of the same sample was found to have an incorrect social security number. These portfolio conversion errors were caused by a keying error during the manual conversion process and have been corrected.

- 34 CFR 674.47(g)(1)

An institution may write off a loan in default with a balance of less than \$25, including outstanding principal, accrued interest, collection costs, and late charges. In response, EduServ initiated an automated write-off of any loan, in any status, where the loan balance was less than \$.50.

- 34 CFR 674.42(4)(b)(2)(i)(A) & (B)

The required 90 day grace contact (which reminds the borrower of his or her responsibility to comply with the terms of the loan) was not produced in one instance out of a sample size of 47.

- 34 CFR 674.45(e)

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS

Summary of Findings and Recommendations
 From Other External Audits (Continued)

Regulations require schools to assess all reasonable collection costs against the borrower without regard to state law, if the provision is included in the promissory note. Between July 1, 1981 and July 1, 1987, the promissory note used by the institution may have restricted to 25 percent the collection costs that may be assessed against the borrowers.

The school determines what collection costs are “reasonable”, as long as they are based on either actual costs that the school incurs for each borrower or on average costs incurred in collecting loans in similar stages of delinquency.

One occurrence out of a sample size of 47 was identified where the borrower was assessed an incorrect collection fee amount through a keying error. As a result of this finding, EduServ “reversed” the incorrect collection fee assessment.

- 34 CFR 674.43(b)(2)(i)

For loans made for periods of enrollment beginning on or after January 1, 1986, the regulations require that an institution assess a late charge during the period in which the institution attempts to secure any part of an installment payment not made when due.

Eleven occurrences out of a sample size of 47 were found where the late charge assessment was not made for the month of April. This condition was identified during last year’s compliance test. EduServ is currently working to eliminate the programmatic cause of this condition.

- 34 CFR 674.43(f)

According to regulations, if a borrower does not respond to a final demand letter within 30 days from the date it was sent, the institution must attempt to contact the borrower by telephone before beginning collection procedures. There was one instance where the required 30 day phone call was not made.

- Client Related Findings

This section lists items that are governed by federal regulations but are not wholly controlled by EduServ and rely on a combined effort between EduServ and the institution.

- 34 CFR 674.12(a)

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Thirty-four loans out of a sample size of 47 were found to exceed the year-to-date annual and aggregate loan limits set forth by federal regulations.

EduServ does not review or approve Perkins Loan applications nor does it originate funds. These responsibilities remain with the customer. EduServ does provide its customers with various reports which they should use to monitor both the cumulative and year-to-date loan amounts advanced.

- 34 CFR 674.43(e)

A school may choose to accelerate a loan if the borrower misses a payment or does not file for a deferment, postponement or cancellation on time. Acceleration makes the entire balance, including interest and late charges, payable immediately. The borrower must be notified of the intent to accelerate at least 30 days before the effective date of acceleration. This notification may be included in the final demand letter. If the loan is accelerated, the school must send a second notice to inform the borrower of the date the loan was accelerated and of the total amount due. Any funds collected from the borrower must be deposited in an interest-bearing account.

EduServ offers its customers the option of mailing a notice informing the borrower that their loan has been accelerated. If the customer does not choose this option, then it is the customer's responsibility to notify the borrower. Eight loans out of a sample size of 47 were identified where the second notice was not produced because the institution did not select the customer option that would require EduServ to generate this contact.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated November 24, 1995. The following findings relating to the university's compliance with specific requirements applicable to major federal financial assistance programs were presented in their report.

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

Pell Grant Calculations

During their audit of the Pell Grant Program (CFDA 84.063), the auditors noted that the Pell Grant amount, when recalculated for 2 students out of 80 sampled, did not agree to the actual Pell disbursement. The Code of Federal Regulations [34 CFR Subpart F Section 690.62] requires that a student's Pell Grant for each payment period be calculated by determining his or her annual award from the payment schedule established by the Department of Education. Failure of the university to correctly calculate the Pell Grant award resulted in over-awarding \$1,950 and under-awarding \$100. Accordingly, questioned costs are \$1,850. This is the third consecutive year a finding of this nature has been reported.

The auditors recommend that the university adhere to established procedures and ensure that the proper amounts from the Pell Grant payment schedules are used when computing Pell Grant awards. See management's response at B-176.

**Federal Family Education Loans
Program Confirmation Reports**

During their audit of the Federal Family Education Loans Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted instances where the SCRs were not returned to 4 guarantee agencies on a timely basis. They also noted in 2 instances out of 10 instances tested that inaccurate information (enrollment status) was reported on the SCR. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(1)] states that upon receipt of a SCR from any guarantee agency, an institution shall accurately complete and return that report, within 30 days of receipt, to the guarantee agency. This is the second consecutive year a finding of this nature has been reported.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**Summary of Findings and Recommendations
From Other External Audits (Continued)

The auditors recommend that the university adhere to established policies and procedures and ensure that SCRs are returned to the guarantee agency on a timely basis and enrollment status is accurately reported. See management's response at B-176.

**Notification to Lenders Between Submission
of Student Confirmation Reports**

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted 10 instances out of 10 tested in which the university did not properly document that the lender was notified of a change in a student's enrollment status which occurred between the dates of submission of the SCRs. They also noted during their test of eligibility that 4 students out of 16 students tested had a status of being enrolled at less than half-time, and this status was not reported to the related loan guarantee agency. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(2)] states that the institution should promptly notify the lender when the institution discovers that a student who has received a FFEL loan has ceased to be enrolled on at least a half-time basis, and it does not expect to submit, within the next 60 days, its SCR to the guarantee agency. This is the seventh consecutive year a finding of this nature has been reported.

The auditors recommend that the university establish procedures for ensuring that proper notification is provided to lenders between submission of SCRs. See management's response at B-176.

Financial Aid Transcripts

During their audit of the student financial aid programs, the auditors noted that one transfer student out of a sample size of 11 previously owed a refund to the Federal Supplemental Educational Opportunity Grant (CFDA 84.007) program in the amount of \$169 but had received Title IV aid. This was caused by the university's failure to note that the financial aid transcript indicated that the student had previously owed a refund. The Code of Federal Regulations [34 CFR Subpart B Section 668.19(a)(2)] states that before a student, who previously attended another eligible institution, may receive any Title IV Higher Education Act Program funds, the institution or the student shall request each institution that the student previously attended to provide a financial aid transcript to the institution that the student is or will be attending.

The auditors recommend that the university adhere to established procedures in the review and assessment of financial aid transcripts. See management's response at B-177.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Refunds and Repayments to the Title IV Programs

During their audit of financial aid refunds, the auditors noted the following instances of noncompliance:

- Twenty-one refunds out of 50 tested were not refunded to the appropriate Title IV program on a timely basis.
- Seven Appendix A refunds were not calculated as prescribed by the federal regulations for the spring semester.
- Two student accounts out of 50 tested did not reflect the refund amount to the Pell Grant Program.
- The university's refunds and repayment policy does not adequately address in detail such federal guidelines as:
 - The Appendix A refund method, and
 - A clear distinction between refund procedures and repayment procedures.

The Code of Federal Regulations [34 CFR Subpart C Section 668.22] states that the institution shall return a portion of a refund owed to a student and the payment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. The Code of Federal Regulations [34 CFR Subpart B Section 668.22] states that an institution shall establish a refund and repayment policy that provides for a refund of at least the larger of the amount provided under state law, pro-rata provisions, federal provisions and the institutional provisions. This is the seventh consecutive year a finding of this nature has been reported.

The auditors recommend that the university adhere to established procedures with regard to the calculation and refunding of amounts due to the Title IV programs. They also recommend that the university take immediate steps to revise its refund and repayment policy. See management's response at B-177.

Conflicting Student Aid Report Information

During their audit of the financial aid programs, the auditors noted that the university failed to resolve conflicting information between the Student Aid Report (SAR) and the student's tax return for one student out of a sample size of 29. They also noted that the university failed to obtain adequate supporting documentation for one student aid report out of a sample size of 29 selected for verification. This noncompliance resulted in

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

questioned costs of \$7,890. The Code of Federal Regulations [34 CFR Subpart E Section 668.58] states that the university may not disburse aid to an applicant if documentation indicates that the information included on an application is incorrect.

The auditors recommend that the university adhere to established procedures regarding verification of SAR information. See management's response at B-177.

Student Financial Aid Eligibility

During their audit of student financial aid eligibility, the auditors noted one instance out of 80 sampled, where a student previously in default of a Federal Family Education Loan (CFDA 84.032) was awarded and received financial aid. This condition resulted in questioned costs of \$4,400. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(a)(7) and Subpart B Section 682.201(e)] states that a student is ineligible to receive Title IV financial assistance if such student is in default of Title IV loan programs.

The auditors recommend that the university adhere to established procedures and review default listings on a periodic basis to ensure that Title IV funds are not disbursed to ineligible students. See management's response at B-178.

Federal Family Education Loans Program

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032), the auditors noted the following conditions:

- Four student loan applications out of 49 were incorrectly certified.
- Eight student in-house entrance counseling documents out of 18 were not on file.

The Code of Federal Regulations [34 CFR Subpart F Section 682.603(a)] requires an institution to provide complete and accurate information in connection with a loan application. The Code of Federal Regulations [34 CFR Subpart F Section 682.604(f)] requires that certain counseling be conducted prior to the release of the first disbursement of the proceeds of the first FFEL made to the borrower for attendance at the school.

The auditors recommend that the university adhere to established procedures in certifying loan applications and performing in-house entrance counseling to students. See management's response at B-178.

SOUTHERN UNIVERSITY - NEW ORLEANS CAMPUS

Student Aid Reports Selected for Verification

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

During their audit of the financial aid program, the auditors noted that the university failed to obtain adequate financial information to support Student Aid Reports (SARs) that were selected for verification during Fall 1994 by the Department of Education for 2 students out of 24 students tested. The Code of Federal Regulations [34 CFR Subpart E Section 668.58(a)] states that the institution may not disburse any Pell Grant or campus-based program funds to an applicant if an institution has documentation that indicates that the information included on an application is inaccurate.

The university subsequently (after June 30, 1995) obtained the verification documentation after awarding the aid. The auditors recommend that the university adhere to established procedures and not process any SAR selected for verification that has inaccurate information. See management's response at B-182.

**Federal Family Education Loans Program
Confirmation Reports**

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032), the auditors noted that the enrollment status was incorrectly reported for 3 of the 10 students tested. The lender is not being accurately informed of the enrollment status of certain students. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(1)] states that upon receipt of a Student Confirmation Report from any guarantee agency, a school shall accurately complete and return that report to the guarantee agency.

The auditors recommend that the university adhere to established policies and procedures and ensure that the enrollment status is accurately reported. See management's response at B-183.

**Notification to Lenders Between Submission
of Student Confirmation Reports**

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted 6 instances out of 10 instances tested in which the university failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the SCRs. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(2)] states that the institution should promptly notify the lender when the institution discovers that a student who has received a FFEL loan has ceased to be enrolled on at least a half-time basis, and it does not expect to submit, within the next 60 days, its SCR to the guarantee agency. This is the sixth consecutive year a finding of this nature has been reported.

The auditors recommend that the university establish procedures for ensuring that proper notification is provided to lenders between submission of SCRs. See management's response at B-184.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Financial Aid Transcripts

During their audit of the student financial aid programs, the auditors noted that all 49 transfer students tested did not have financial aid transcripts (FATs) on file. The university subsequently obtained the 49 missing FATs. However, 2 students' financial aid transcripts indicated that the students were either in default of a Title IV loan or owed a repayment on a Title IV grant; therefore, they were ineligible. This resulted in questioned costs of \$11,333. The Code of Federal Regulations [34 CFR Subpart B Section 668.19(a)(2)] states that before a student, who previously attended another eligible institution, may receive any Title IV Higher Education Act Program funds, the institution or the student shall request each institution that the student previously attended to provide a financial aid transcript to the institution that the student is or will be attending. This is the second consecutive year a finding of this nature has been reported.

The auditors recommend that the university revise its current procedures to include certain checks and balances to ensure that the Financial Aid office is notified of all transfer students. In addition, we recommend that the Financial Aid office revise its procedures to include routinely questioning students to determine if they have previously attended another institution from which a FAT would be required. See management's response at B-185.

Cost of Attendance Calculations

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032), the auditors noted that the cost of attendance for 29 students out of a sample size of 80 was incorrectly calculated. For 25 of the 29 students, the university reported the incorrect cost of attendance on the FFEL applications. Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) states that recipients' financial management systems shall provide for accurate, current, and complete disclosure of the results of each federally sponsored project or program. The Code of Federal Regulations [34 CFR Subpart F Section 682.603] requires an institution to provide complete and accurate information in connection with a loan application.

The auditors recommend that the university adhere to its established procedures in the calculation and reporting of the student's cost of attendance. See management's response at B-186.

Refunds and Repayments to the Title IV Programs

During their audit of financial aid refunds, the auditors noted the following instances of noncompliance:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

- Twenty refunds out of 50 tested were not refunded to the appropriate Title IV programs on a timely basis.
- Twenty-one Appendix A refunds were not calculated as prescribed by the federal regulations for the spring semester.
- Eleven refunds out of 15 were not calculated properly.
- The university did not calculate pro-rata refunds for 3 students of the 50 tested.
- One repayment out of 15 was not properly calculated.
- Thirteen student accounts out of 50 tested did not reflect the refund amount to the Title IV program per the university's calculation.
- The university's refunds and repayment policy does not adequately address in detail such federal guidelines as:
 - The Appendix A refund method, and
 - A clear distinction between refund and repayment procedures.

The Code of Federal Regulations [34 CFR Subpart C Section 668.22] states that the institution shall return a portion of a refund owed to a student and the payment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. The Code of Federal Regulations [34 CFR Subpart B Section 668.22] states that an institution shall establish a refund and repayment policy that provides for a refund of at least the larger of the amount provided under state law, pro-rata provisions, federal provisions and the institutional provisions. This is the sixth consecutive year a finding of this nature has been reported.

The auditors recommend that the university adhere to established procedures with regard to the calculation and refunding amounts to the Title IV programs. They also recommend that the university take immediate steps to revise its refund and repayment policy. See management's response at B-187.

Federal Family Education Loans Program

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032), the auditors noted one instance out of 11 tested in which the university failed to withhold disbursements to first year undergraduates for 30 days. They also noted that documentation was not on file indicating that FFEL exit interviews were held with 11

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

students out of 80 tested. The Code of Federal Regulations [34 CFR Subpart B Section 682.207] states that a FFEL disbursement may be made only if a student completed the first 30 days of the loan period for which the loan was intended, in the case of a first disbursement of a loan obtained by a student to attend the first year of a program of undergraduate education. The Code of Federal Regulations [34 CFR Subpart F Section 682.604(g)] states that an institution must conduct an exit interview with each borrower shortly before the borrower ceases at least half-time study at the institution. If the borrower withdraws from school without the school's prior knowledge or fails to attend an exit counseling session as scheduled, the school shall mail written counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from school or failed to attend the scheduled session. This is the second consecutive year a finding of this nature has been reported.

The auditors recommend that the university adhere to established procedures with regard to loan disbursements and exit counseling. See management's response at B-191.

Satisfactory Academic Progress

During their audit of the financial aid programs, the auditors noted that one student out of 80 tested was awarded and received financial aid although the student did not meet the university's standards for achieving Satisfactory Academic Progress. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(c)] requires that a student participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

The auditors recommend that the university adhere to established policies and procedures and monitor the academic standing of all students prior to awarding student financial aid. See management's response at B-192.

**SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS****Notification to Lenders Between Submission of
Student Confirmation Reports**

During their audit of the Federal Family Education Loans (FFEL) Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted 3 instances out of 3 instances tested in which the university failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the SCRs. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(2)] states that the institution should promptly notify the lender when the institution discovers that a student who has received a FFEL loan has ceased to be enrolled on at least a half-time basis,

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

and it does not expect to submit, within the next 60 days, its SCR to the guarantee agency.

The auditors recommend that the university establish procedures for ensuring that proper notification is provided to lenders between submission of SCRs. See management's response at B-198.

**Federal Family Education Loans and
Perkins Loan Programs Exit Counseling**

During their audit of the Federal Family Education Loans Program (CFDA 84.032) and the Federal Perkins Loan Program (CFDA 84.038), the auditors noted that documentation was not on file indicating that exit interviews were held with 3 students out of 5 students tested prior to the time the students withdrew, graduated or ceased to re-enroll. The Code of Federal Regulations [34 CFR Subpart F Section 682.604(g) and Subpart C Section 674.42(a)] states that an institution must conduct an exit interview with each borrower shortly before the borrower ceases at least half-time study at the institution. If the borrower withdraws from school without the school's prior knowledge or fails to attend an exit counseling session as scheduled, the school shall mail written counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from school or failed to attend the scheduled session.

The auditors recommend that the university adhere to established procedures for providing exit counseling. See management's response at B-198.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Refunds and Repayments to the Title IV Programs

- During their audit of refunds and repayments, the auditors noted the following instances of noncompliance:
 - All seven refunds tested were not refunded to the appropriate Title IV programs on a timely basis.
 - Eight Appendix A refunds were not calculated as prescribed by the federal regulations for the spring semester.
 - Two refunds out of 15 tested were not calculated properly.
 - One repayment out of 15 tested was not properly calculated; as such, questioned costs of \$182 resulted.
- The university's refund and repayment policy does not adequately address in detail such federal guidelines as:
 - The three refund methods: pro-rata method, university's regular method, and Appendix A method;
 - A clear distinction between refund and repayment procedures;
 - The priority distribution required by federal regulations; and
 - The procedures for the proper exchange of information between the Financial Aid Office and the Registrar's Office.

The Code of Federal Regulations [34 CFR Subpart C Section 668.22] states that the institution shall return a portion of a refund owed to a student and the payment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. Subpart B states that an institution shall establish a refund and repayment policy that provides for a refund of at least the larger of the amount provided under state law, pro-rata provisions, federal provisions, and the institutional provisions. This is the second consecutive year a finding of this nature has been reported.

The auditors recommend that the university adhere to established procedures with regard to the calculation and refunding amounts to the Title IV programs. They also recommend that the university take immediate steps to revise its refund and repayment policy. See management's response at B-199.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Federal Perkins Loan Program

During their audit of the Federal Perkins Loan Program (CFDA 84.038), the auditors noted that no due diligence procedures were performed during the period from December 13, 1993 to September 30, 1994. The Code of Federal Regulations [34 CFR Subpart C Section 674.41] states that an institution shall exercise due diligence in collecting loans by complying with the specific provisions of the regulations. In addition, the Code of Federal Regulations [34 CFR Subpart C Section 674.42] provides specific guidelines for timeframes during which borrowers must be contacted. This is the second consecutive year a finding of this nature has been reported.

Subsequent to September 30, 1994, most of the responsibilities associated with due diligence have been assumed by the outside service center. However, the auditors recommend that entrance/exit counseling, collection and litigation procedures that are to be performed by the university be adhered to. See management's response at B-199.

Cost of Attendance Calculations

During their audit of the financial aid programs, the auditors noted that the cost of attendance for 17 students out of 80 tested was incorrectly calculated. The incorrect cost of attendance did not result in an over-award. Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) states that recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally sponsored project or program.

The auditors recommend that the university adhere to its established procedures in the calculation of the student's cost of attendance. See management's response at B-200.

SOUTHERN UNIVERSITY SYSTEM

Outside Service Center

These independent auditors did not audit the university's compliance with the regulations governing the administration of certain student loan programs as set forth in the Code of Federal Regulations [34 CFR Part 674 and 42 CFR Part 57]. Those administrative requirements govern functions performed by the outside service center, EduServ Technologies, Inc.

The outside service center's compliance with the requirements governing the functions it performs for the university was audited by other external auditors whose report was furnished to the independent auditors. The independent auditors have presented the findings of the auditor of the outside service center in their report of findings pertaining to the university's compliance with specific requirements applicable to major federal financial assistance programs. Those findings from the same report have previously

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
 Summary of Findings and Recommendations
 From Other External Audits (Continued)

been presented in the finding titled "Grambling State University, Outside Service Center" (page 160).

NONCOMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

GRAMBLING STATE UNIVERSITY

Independent auditors performed an audit of Grambling State University's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated October 30, 1995. The following finding pertaining to the university's compliance with specific requirements applicable to nonmajor federal financial assistance program transactions was presented in their report:

College Work-Study Conflicts

During their audit of the Federal Work-Study Program (CFDA 84.033), the auditors noted that 6 out of 15 students tested appeared to have worked instead of attending classes. As such, the auditors have identified questioned costs in the amount of \$360. Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) stipulates that recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally sponsored project or program.

The auditors recommend that management adhere to established procedures and document the reasons for any class schedule conflicts. See management's response at B-34.

LOUISIANA HOUSING FINANCE AGENCY

Independent auditors performed an audit of the Louisiana Housing Finance Agency's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated October 13, 1995. The following is a summary of the significant findings contained in the report:

1. Sixteen single family projects, which were aided by HOME Investment Partnerships Program (CFDA 14.239) funds as part of the agency's homebuyer assistance program, exceeded the allowable appraised value for affordable housing as determined by the Department of Housing and Urban Development's (HUD) guidelines. The total amount of assistance provided to such projects was

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits (Continued)

\$341,815. The agency is in violation of the Code of Federal Regulations [24 CFR Part 92] resulting in questioned costs of \$341,815.

2. In calculating administrative fees to be charged to the Mortgage Insurance-Equity Loans (CFDA 14.186) program, the agency did not use revised HUD procedures. The agency undercharged administrative fees to the program, totaling \$1,800.

See management's response at B-67.

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1995, and have issued their report thereon dated November 24, 1995. The following findings pertaining to the university's compliance with specific requirements applicable to nonmajor federal financial assistance program transactions were presented in their report.

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

Federal Work-Study Program

During their audit of the Federal Work-Study Program (CFDA 84.033), the auditors noted the following instances of noncompliance:

- Two students out of 15 students tested had hours per the payroll register that did not agree with the hours per the payroll voucher. This condition resulted in questioned costs of \$196.
- One student out of 15 students tested had hours per the time sheet that did not agree to the hours per the payroll voucher. This condition resulted in questioned costs of \$9.
- A federal work-study authorization card was not provided for one student out of 15 students tested. This condition resulted in questioned costs of \$600.
- Work-study wages paid exceeded the award amount for 4 students out of 15 students tested. This condition resulted in questioned costs of \$176.

Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) states that recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally sponsored project or program.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

The auditors recommend that management adhere to established procedures and ensure that actual hours per time sheets are calculated properly. They also recommend that the university adhere to established procedures and ensure students do not work hours in excess of actual awards. See management's response at B-177.

SOUTHERN UNIVERSITY - NEW ORLEANS CAMPUS**Program Documentation - Talent Search**

During their audit of the Talent Search Program (CFDA 84.044), the auditors noted that certain programmatic documents were not maintained for certain students as follows:

- Documentation that all 4 students tested were assisted in completing applications for financial aid; and
- Documentation confirming one student out of 5 tested attended sessions regarding the financing of a post secondary education.

Office of Management and Budget Circular A-110 Subpart C Section 53 states that financial records, supporting documents, statistical records and all other records pertinent to an award be retained for a period of three years from the date of the submission of the financial expenditure report.

The auditors recommend that the university adhere to established record and retention procedures. See management's response at B-190.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

Program Documentation - Upward Bound

During their audit of the Upward Bound Program (CFDA 84.047), the auditors noted that certain programmatic documents were not maintained for certain students as follows:

- Documentation that students assisted in preparing financial aid packets for 4 students out of the 4 students tested;
- Documentation for one year's growth in pre/post scores in reading and language for 7 students out of 10 students tested; and
- Documentation that students satisfactorily completed college courses for all 4 students tested.

Office of Management and Budget Circular A-110 Subpart C Section 53 states that financial records, supporting documents, statistical records and all other records pertinent to an award be retained for a period of three years from the date of the submission of the financial expenditure report.

The auditors recommend that the university adhere to established record and retention procedures. See management's response at B-189.

SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS

Federal Work-Study Program

During their audit of the Federal Work-Study Program (CFDA 84.033), the auditors noted that 2 students out of 15 tested appeared to have been paid in excess of actual hours worked. Students were paid for 6 hours in excess of actual hours worked. This resulted in questioned costs of \$30.

Office of Management and Budget Circular A-110 Subpart C Section 21(b)(1) stipulates that recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each federally sponsored project or program.

The auditors recommend that management adhere to established procedures and ensure that actual hours per time sheets are calculated properly. See management's response at B-198.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Concluded)

Title III - Payroll Costs

The auditors noted that the Director of Information Systems was paid \$3,000 for teaching an adjunct class in Computer Science for two months. However, no provision for payment of such services was noted per grant documents. This resulted in questioned costs of \$3,000. Office of Management and Budget Circular A-110 Subpart B Section 21 states that financial management systems shall provide that procedures ensure that costs are reasonable, allocable, and allowable in accordance with federal cost principles and the terms and conditions of the award.

The auditors recommend that management of the university adhere to established procedures with regard to ensuring costs are allowable under the terms and conditions of the grant. See management's response B-200.

Schedule H

Schedule of Unresolved Prior Audit Findings
For the Year Ended June 30, 1995



LEGISLATIVE AUDITOR

Schedule H

STATE OF LOUISIANA

Schedule of Unresolved Prior Audit Findings
For the Year Ended June 30, 1995

	Current Report Page	Prior Report Page
CHARITY HOSPITAL AND MEDICAL CENTER OF LOUISIANA AT NEW ORLEANS		
Procedures are not adequate to ensure that all charges incurred by patients are accurate, billed, and documented in the patients' medical records.	31	32
EDUCATION, DEPARTMENT OF		
The department does not have proper segregation of duties in the Professional Improvement Program regarding receipts, disbursements, and other associated duties.	35	39
EXECUTIVE DEPARTMENT		
The state's centralized computer accounting system, the Financial Accountability and Control System, is not adequate for financial reporting in accordance with generally accepted accounting principles.	19	21
The state has not established an effective internal audit function for state agencies, hospitals, and universities.	22	23
The state has not taken the necessary measures to ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law.	23	25
The Division of Administration, Office of Statewide Reporting and Accounting Policy, instructed agencies that use the statewide accounting system to only record "material" adjustments to system generated reports, based on a sliding materiality scale, for their annual fiscal reports.	20	43
The state did not have adequate internal control procedures in the On-Line Data Entry System for the input of transactions into the Financial Accountability and Control System.	36	45

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
EXECUTIVE DEPARTMENT (CONT'D)		
The department's Patients' Compensation Fund Oversight Board did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana law.	75	106
The department did not maintain appropriate time distribution records to support amounts charged to grant programs for personal services.	103	145
The Louisiana Federal Property Assistance Agency does not have a system to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the Donation of Federal Surplus Personal Property Program are audited and audit reports are received as required by Office of Management and Budget Circular A-128.	136	184
GRAMBLING STATE UNIVERSITY		
The university has not provided adequate internal controls over investment transactions.	41	55
The university held investment securities with maturity dates beyond those allowed by state law.	76	109
The university failed to adhere to prescribed policies and procedures with regard to remitting Title IV refunds on a timely basis and ensuring that the refunds are calculated properly.	158	220
HEALTH AND HOSPITALS, DEPARTMENT OF		
The department set prospective reimbursement rates for clients in residential facilities using cost reports that have not been independently audited.	65	89

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
HEALTH AND HOSPITALS, DEPARTMENT OF (CONT'D)		
The department has not maintained adequate controls over fees due from providers to the Medical Assistance Trust Fund to ensure that amounts reported by providers are accurate.	42	115
The department does not have adequate internal control procedures to ensure compliance with state Civil Service rules and regulations relating to the certification of time and attendance records.	77	116
The department requested federal funds under the Block Grants for Prevention and Treatment of Substance Abuse in excess of its immediate needs during the fiscal year.	104	145
The department has not complied with the Cash Management Improvement Act in its transfer of federal funds for the Medical Assistance Program.	105	147
The department has not provided sufficient controls to ensure the confidentiality of information on recipients of the Medical Assistance Program.	118	158
The department has not established adequate internal controls to ensure that receivables and payables resulting from audits of providers participating in the Medical Assistance Program are recorded in the department's financial records and subsequently reported in the Louisiana Comprehensive Annual Financial Report.	30	159
The department did not comply with the statutory formula for disbursing Substance Abuse Prevention and Treatment Block Grant funds.	136	185
The department does not ensure that federal subrecipients and cost-reimbursement contractors are audited in accordance with <i>Government Auditing Standards</i> as required by applicable laws and regulations.	137	187

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
LEONARD J. CHABERT MEDICAL CENTER		
The center made payments on professional service contracts before obtaining approval of the contracts from the Office of Contractual Review.	78	119
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY		
The authority applied for and received federal grants under its name and federal identification number, then the grants were "passed-through" to the Foundation for Excellence in Louisiana Public Broadcasting.	146	206
Amounts charged to grant programs for administrative type indirect costs were based entirely on budgeted figures and actual indirect costs were not documented.	146	207
LOUISIANA HOUSING FINANCE AGENCY		
The agency held requisitioned funds in its account beyond a reasonable amount of time.	156	233
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS		
Timely, accurate, and complete information was not provided by the outside accountant that the board uses to prepare its financial statements.	142	195
The board's control structure failed to prevent or detect misstatements of accounting information.	143	195
The accounting system failed to provide complete and accurate output that is consistent with objectives and current needs because of design flaws.	143	196

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS		
The board held deposits in excess of federally insured limits in a single financial institution.	151	215
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS		
The medical center did not ensure that reconciliations of credit card accounts receivable book balances to credit card statements were performed timely.	44	60
The medical center has not instituted internal control policies and procedures to ensure that outstanding patient credit balances are reviewed and liquidated on a timely basis.	45	64
The medical center did not remove terminated employees from the Payroll/Personnel System in a timely manner.	45	66
NATURAL RESOURCES, DEPARTMENT OF		
The department's data center has not established an adequate internal control structure relating to general electronic data processing controls that could affect the integrity of programs, processing, and data.	46	66
NORTHWESTERN STATE UNIVERSITY		
The university's computer center has deficiencies relating to general electronic data processing controls that could affect the integrity of programs, processing, and data.	49	67
The university did not comply with the Code of Federal Regulations regarding refunds and repayments of the Federal Pell Grant Program and Federal Family Education Loans Program funds.	126	164

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
ORLEANS LEVEE DISTRICT		
The district made a six-month advance payment to a computer consulting firm before services were rendered.	84	125
The district did not comply with state attorney general guidelines or the district's established policies with regard to certain legal services contracts.	83	127
PUBLIC HEALTH, OFFICE OF		
The office has not ensured that recipients of the Commodity Supplemental Food Program and the recipients of the Special Supplemental Food Program for Women, Infants, and Children do not participate in both programs.	127	165
The office has not performed a timely reconciliation of each food instrument issued with food instruments redeemed for the Special Supplemental Food Program for Women, Infants, and Children.	128	167
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, PUBLIC SAFETY SERVICES		
The department has not established an adequate internal control structure relating to electronic data processing controls that could affect the integrity of data.	52	74
RISK MANAGEMENT, OFFICE OF		
The office did not obtain proper approval on certain claims at the time of settlement.	88	77
The office is not performing, on a sample basis, a field review of the original source documentation to support billings by contract attorneys.	56	79

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
SENATE, STATE OF LOUISIANA		
There were insufficient procedures to reconcile financial reporting with that of the operations of property control.	145	205
There were some instances where certain employees were paid without adequate documentation indicating that they were entitled to receive the compensation.	145	205
SOCIAL SERVICES, DEPARTMENT OF		
The department has not established adequate internal control procedures for the On-Line Time and Leave Entry System for the input of payroll transactions into the Uniform Payroll System.	57	79
The department set prospective reimbursement rates for clients in residential facilities without having independently audited cost reports.	71	90
The department did not ensure that all payroll sign-in/out sheets were certified by employees and/or the employees' supervisors in accordance with Civil Service rules.	91	135
The department did not adequately monitor recipients of subcontracts involving federal funds for construction to ensure the payment of prevailing wages as required by the Davis-Bacon Act.	111	155
The department does not have an adequate monitoring system to ensure that all of its subrecipients and cost-reimbursement contractors are audited in accordance with <i>Government Auditing Standards</i> as required by applicable laws and regulations.	130	170
The department did not consistently adhere to its procedures for making payments under the Foster Care - Title IV-E Program.	70	171

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
SOCIAL SERVICES, DEPARTMENT OF (CONT'D)		
The department did not submit case review findings to the federal government within required time frames for the Family Support Payments to States - Assistance Payments Program.	131	171
The department did not perform proper intake, enforcement, and collection activities in the Child Support Enforcement Program.	133	173
SOUTH TANGIPAHOA PARISH PORT COMMISSION		
The commission did not hold a public hearing on the proposed budget at least ten days prior to the hearing as required by Louisiana law.	155	216
SOUTHERN UNIVERSITY SYSTEM		
The three campuses of the Southern University System have not complied with certain university policies and procedures and Civil Service rules and regulations relating to proper authorization of positions and salaries for employees.	92	136
SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS		
In some instances, the Pell Grant amount to be awarded, when recalculated, did not agree with the actual Pell Grant disbursement.	163	221
The university failed to adhere to prescribed policies and procedures with regard to remitting Title IV refunds on a timely basis and ensuring that refunds and repayments were calculated properly.	165	221
The university failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the Student Confirmation Reports.	164	223

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Continued)

	Current Report Page	Prior Report Page
SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS (CONT'D)		
In some instances, the Federal Family Education Loans Program Student Confirmation Reports were not being returned to the guarantee agencies in a timely manner.	163	223
SOUTHERN UNIVERSITY - NEW ORLEANS CAMPUS		
The university failed to maintain documentation indicating that Federal Family Education Loans Program exit interviews were held for certain students.	170	224
The university failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the Student Confirmation Reports.	167	225
Transfer student files maintained by the Financial Aid Office did not contain financial aid transcripts.	168	226
The university failed to adhere to prescribed policies and procedures with regard to remitting Title IV refunds on a timely basis and ensuring that refunds and repayments were calculated properly.	169	227
The university failed to withhold disbursements to first year undergraduates for thirty days.	170	228
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY CAMPUS		
The university does not maintain adequate internal controls over recording Federal Perkins Loan notes receivable transactions.	72	100
The university did not perform due diligence procedures as required by federal regulations for the Federal Perkins Loan Program.	173	230

STATE OF LOUISIANA
 Schedule of Unresolved Prior Audit Findings
 (Concluded)

	Current Report Page	Prior Report Page
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY CAMPUS (CONT'D)		
The university failed to adhere to prescribed policies and procedures to ensure that refunds and repayments were calculated properly.	172	232
STATE EMPLOYEES GROUP BENEFITS PROGRAM		
The program has not complied with the provisions of Louisiana law relating to the timely payment of health and death claims.	94	137
The program does not have adequate internal control procedures to ensure compliance with state policies and Civil Service rules and regulations relating to time and attendance records.	95	140
UNIVERSITY OF NEW ORLEANS		
The university did not exercise adequate controls over student receivables and nonstudent receivables other than grants and contracts.	62	86
The university did not ensure that all employees and their supervisors or timekeepers certified the accuracy of attendance-leave records.	98	87
The university failed to adhere to prescribed policies and procedures with regard to remitting Title IV refunds on a timely basis and ensuring that refunds and repayments were calculated properly.	134	176

Appendix A

Schedule of Federal Financial Assistance and Notes to the Schedule of Federal Financial Assistance For the Year Ended June 30, 1995



STATE OF LOUISIANA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
AGRICULTURE AND FORESTRY, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$490,172
Agricultural Conservation Program	10.063	12,578
Federal-State Cooperation in Warehouse Examination Agreement	10.071	40,658
Market News	10.153	2,000
Inspection Grading and Standardization	10.162	69,950
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,757,394
Food Distribution	10.550	20,866,620
State Administrative Expenses for Child Nutrition	10.560	107,867
Emergency Food Assistance Program (Administrative Costs)	10.568	988,745
Emergency Food Assistance Program (Food Commodities)	10.569	2,342,961
Cooperative Forestry Assistance	10.664	2,959,269
Agricultural Statistics Reports	10.950	55,000
Forest Management and Protection	NONE	45,000
U.S. DEPARTMENT OF COMMERCE		
Fishery Products Inspection and Certification	11.413	59,855
U.S. SMALL BUSINESS ADMINISTRATION		
Procurement Assistance to Small Businesses	59.009	91,555
Natural Resource Development	59.045	140,730
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	12,810
Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	66.700	478,982
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Food and Drug Administration - Research	93.103	2,868
Subtotal Department of Agriculture and Forestry		<u>30,525,014</u>
BOARD OF REGENTS FOR HIGHER EDUCATION		
U.S. DEPARTMENT OF DEFENSE		
Basic Scientific Research	12.431	1,945
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Aerospace Education Services Program	43.001	125,968

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
BOARD OF REGENTS FOR HIGHER EDUCATION (CONT'D)		
NATIONAL SCIENCE FOUNDATION		
Computer and Information Science and Engineering	47.070	\$208,726
Education and Human Resources	47.076	1,277,424
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	477,847
U.S. DEPARTMENT OF EDUCATION		
Eisenhower Mathematics and Science Education - State Grants	84.164	990,492
Subtotal Board of Regents for Higher Education		<u>3,082,402</u>
CHARITY HOSPITAL AND MEDICAL CENTER OF LOUISIANA AT NEW ORLEANS		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nurse Anesthetist Traineeships	93.124	45,969
Subtotal Charity Hospital and Medical Center of Louisiana at New Orleans		<u>45,969</u>
CULTURE, RECREATION AND TOURISM, DEPARTMENT OF		
U.S. DEPARTMENT OF THE INTERIOR		
Historic Preservation Fund Grants-in-Aid	15.904	635,989
Outdoor Recreation - Acquisition, Development, and Planning	15.916	297,281
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Arts - Arts in Education	45.003	79,928
Promotion of the Arts - State and Regional Program	45.007	357,944
Promotion of the Arts - Folk and Traditional Arts	45.015	2,072
U.S. DEPARTMENT OF EDUCATION		
Public Library Services	84.034	1,451,011
Interlibrary Cooperation and Resource Sharing	84.035	269,666
Public Library Construction and Technology Enhancement	84.154	576,837
U.S. DEPARTMENT OF AGRICULTURE		
Forest Service	NONE	4,500

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
CULTURE, RECREATION AND TOURISM, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	\$9,884
Subtotal Department of Culture, Recreation and Tourism		<u>3,685,112</u>
EDUCATION, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
School Breakfast Program	10.553	35,931,425
National School Lunch Program	10.555	125,854,459
Special Milk Program for Children	10.556	59,367
Child and Adult Care Food Program	10.558	45,843,838
Summer Food Service Program for Children	10.559	3,148,268
State Administrative Expenses for Child Nutrition	10.560	2,338,953
Nutrition Education and Training Program	10.564	174,895
U.S. DEPARTMENT OF LABOR		
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	245,032
U.S. DEPARTMENT OF EDUCATION		
Adult Education - State Administered Basic Grant Program	84.002	4,851,396
Bilingual Education	84.003	57,015
Desegregation Assistance, Civil Rights Training, and Advisory Services	84.004	244,975
Education of Children with Disabilities in State Operated or Supported Schools	84.009	1,048,366
Title 1 Grants to Local Educational Agencies	84.010	159,710,475
Migrant Education - Basic State Grant Program	84.011	2,536,512
Educationally Deprived Children - State Administration	84.012	1,350,557
Title 1 Program for Neglected and Delinquent Children	84.013	548,115
Services for Children with Deaf-Blindness	84.025	92,791
Special Education - Grants to States	84.027	33,551,454
Special Education - Personnel Development and Parent Training	84.029	77,501
Vocational Education - Basic Grants to States	84.048	20,705,506
Vocational Education - Consumer and Homemaking Education	84.049	679,479
Federal Pell Grant Program	84.063	5,848,434
National Diffusion Network	84.073	107,955
Chapter 2 - State Block Grants	84.151	7,127,336

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EDUCATION, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF EDUCATION (CONT'D)		
Immigrant Education	84.162	\$112,917
Eisenhower Mathematics and Science Education - State Grants	84.164	3,638,890
Eisenhower Professional Development - Federal Activities	84.168	239,732
Special Education - Preschool Grants	84.173	5,188,494
Vocational Education - Community Based Organizations	84.174	202,265
Special Education - Grants for Infants and Families with Disabilities	84.181	3,705,683
Byrd Honors Scholarships	84.185	347,938
Safe and Drug-Free Schools - State Grants	84.186	8,085,606
Christa McAuliffe Fellowships	84.190	26,433
Education for Homeless Children and Youth	84.196	745,824
Drug-Free Schools and Communities - School Personnel Training	84.207	14,582
Even Start - State Educational Agencies	84.213	2,331,042
Even Start - Migrant Education	84.214	263,572
Capital Expenses	84.216	1,235,072
State Program Improvement Grants	84.218	567,669
Tech-Prep Education	84.243	1,904,695
Supplementary State Grants for Facilities, Equipment, and Other Program Improvement Activities	84.253	49,001
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	889,516
Contract for a Feasibility Study Plan for an Automated Education Data System - Fixed Price Contract	NONE	8,620
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	224,778
Grants to States for Planning and Development of Dependent Care Programs	93.673	185,170
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Learn and Serve America - School and Community Based Programs	94.004	179,666
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Education Contract - Fixed Price Contracts	NONE	156,364
VERY SPECIAL ARTS EDUCATION OFFICE		
Very Special Arts Grant - Fixed Price Contract	NONE	10,668

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EDUCATION, DEPARTMENT OF (CONT'D)		
NATIONAL CENTER FOR EDUCATION STATISTICS		
Common Core of Data Survey - Fixed Price Contract	NONE	\$5,306
Subtotal Department of Education		<u>482,453,607</u>
ELDERLY AFFAIRS, OFFICE OF		
U.S. DEPARTMENT OF AGRICULTURE		
Nutrition Program for the Elderly (Commodities)	10.570	2,990,086
U.S. DEPARTMENT OF LABOR		
Senior Community Service Employment Program	17.235	1,636,244
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	76,953
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	67,735
Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93.043	390,240
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	5,185,742
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	6,203,373
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.046	102,193
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	45,000
Special Programs for the Aging - Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs	93.049	24,005
Special Programs for the Aging - Title II - Preconference Programs for the White House Conference on Aging	93.050	11,801
Subtotal Office of Elderly Affairs		<u>16,733,372</u>
ENVIRONMENTAL QUALITY, DEPARTMENT OF		
U.S. DEPARTMENT OF DEFENSE		
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	63,263

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
ENVIRONMENTAL QUALITY, DEPARTMENT OF (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Air Pollution Control Program Support	66.001	\$2,265,797
State Indoor Radon Grants	66.032	5,293
Water Pollution Control - State and Interstate Program Support	66.419	1,364,245
Construction Management Assistance	66.438	456,876
Water Quality Management Planning	66.454	284,571
National Estuary Program	66.456	1,044,881
Capitalization Grants for State Revolving Funds	66.458	12,315,562
Nonpoint Source Reservation	66.459	12,371
Nonpoint Source Implementation Grants	66.460	514,400
Wetlands Protection - State Development Grants	66.461	10,000
National Pollutant Discharge Elimination System Related State Program Grants	66.463	332
Air Pollution Control Research	66.501	291,499
Water Pollution Control - Research, Development, and Demonstration	66.505	19,004
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	154,683
Enhancement Grants for State Asbestos Programs	66.706	6,393
TSCA Title IV State Lead Grants - Certification of Lead - Based Paint Professionals	66.707	27,537
Pollution Prevention Grants Program	66.708	26,602
Hazardous Waste Management State Program Support	66.801	2,262,291
Superfund State Site - Specific Cooperative Agreements	66.802	340,983
State Underground Storage Tanks Program	66.804	199,975
Leaking Underground Storage Tank Trust Fund Program	66.805	1,124,440
Solid Waste Management Assistance	66.808	91,446
Various Agreements	NONE	176,168
U.S. NUCLEAR REGULATORY COMMISSION		
Nuclear Energy Cooperative Agreement	NONE	27,450
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Lead-Based Paint Hazard Reduction Program	NONE	90,539
Subtotal Department of Environmental Quality		<u>23,176,601</u>
EXECUTIVE DEPARTMENT		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Entitlement Grants	14.218	96,335
Community Development Block Grants/State's Program	14.228	44,229,518
Rental Housing Rehabilitation	14.230	8,763

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EXECUTIVE DEPARTMENT (CONT'D)		
U.S. DEPARTMENT OF JUSTICE		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	\$804,924
Criminal Justice Statistics Development	16.550	35,073
Crime Victim Assistance	16.575	1,036,858
Crime Victim Compensation	16.576	371,446
Drug Control and System Improvement-Formula Grant	16.579	6,883,559
U.S. GENERAL SERVICES ADMINISTRATION		
Donation of Federal Surplus Personal Property	39.003	14,101,599
U.S. DEPARTMENT OF EDUCATION		
State Literacy Resource Centers	84.254	132,450
State Postsecondary Review	84.267	116,537
U.S. DEPARTMENT OF DEFENSE		
Corps of Engineers - Coastal Wetlands	NONE	125,969
U.S. DEPARTMENT OF AGRICULTURE		
Louisiana Rural Development Council	NONE	89,203
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Clean Air Act	NONE	3,789
Subtotal Executive Department		<u>68,036,023</u>
HEALTH AND HOSPITALS, DEPARTMENT OF		
U.S. DEPARTMENT OF EDUCATION		
State Grants for Assistive Technology	84.224	756,015
Program of Protection and Advocacy of Individual Rights	84.240	100,386
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Mental Health Planning and Demonstration Projects	93.125	108,234
Primary Care Services - Resource Coordination and Development Primary Care Offices	93.130	167,888
Projects for Assistance in Transition from Homelessness	93.150	284,372
Grants for State Loan Repayment	93.165	133,805
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	93.196	1,729,866
Mental Health Research Grants	93.242	131,105
Mental Health Clinical or Service Related Training Grants	93.244	17,577

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
HEALTH AND HOSPITALS, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
State Legalization Impact Assistance Grants	93.565	\$43,417
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,165,962
State Survey and Certification of Health Care Providers and Suppliers	93.777	4,221,535
Medical Assistance Program	93.778	3,411,318,363
Model Comprehensive Drug Abuse Treatment Programs for Critical Populations	93.902	977,360
Grants to States for Operation of Offices of Rural Health	93.913	27,251
HIV Care Formula Grants	93.917	2,309,086
Block Grants for Community Mental Health Services	93.958	3,978,747
Block Grants for Prevention and Treatment of Substance Abuse	93.959	18,984,290
SSA/SSI Referral & Monitoring Contract	NONE	7,352
Grants to States - Alcohol and Drug Abuse Data Collection Systems	NONE	47,961
Subtotal Department of Health and Hospitals		<u>3,446,510,572</u>
INSURANCE, DEPARTMENT OF		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Health Care Financing Research, Demonstrations and Evaluations	93.779	116,032
Subtotal Department of Insurance		<u>116,032</u>
JUSTICE, DEPARTMENT OF		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Fair Housing Assistance Program - State and Local	14.401	86,645
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
State Medicaid Fraud Control Units	93.775	595,735
Subtotal Department of Justice		<u>682,380</u>
LABOR, DEPARTMENT OF		
U.S. DEPARTMENT OF LABOR		
Labor Force Statistics	17.002	1,132,376
Compensation and Working Conditions Data	17.005	79,200
Labor Certification for Alien Workers	17.203	272,144
Employment Service	17.207	12,502,679
Unemployment Insurance	17.225	173,005,908
Trade Adjustment Assistance - Workers	17.245	1,283,027
Employment and Training Assistance - Dislocated Workers	17.246	13,839,697

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LABOR, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF LABOR (CONT'D)		
Job Training Partnership Act	17.250	\$63,707,849
Consultation Agreements	17.504	295,757
Disabled Veterans Outreach Program	17.801	883,920
Veterans Employment Program	17.802	6,948
Local Veterans Employment Representative Program	17.804	667,456
Various Agreements	NONE	778,924
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Community Services Block Grant	93.569	8,971,860
Community Services Block Grant Discretionary Awards - Community Food and Nutrition	93.571	91,368
Emergency Community Services for the Homeless	93.572	360,709
Various Agreements	NONE	6,000
Subtotal Department of Labor		<u>277,885,822</u>
LIEUTENANT GOVERNOR, OFFICE OF THE		
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Learn and Serve America - School and Community Based Programs	94.004	101,000
AmeriCorps	94.006	1,081,723
Various Agreements	NONE	566,473
Subtotal Office of the Lieutenant Governor		<u>1,749,196</u>
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY		
U.S. DEPARTMENT OF COMMERCE		
Public Telecommunications Facilities - Planning and Construction	11.550	150,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Humanities - Humanities Projects in Media	45.104	66,800
Promotion of the Humanities - Federal-State Partnership	45.129	17,863
U.S. DEPARTMENT OF EDUCATION		
Adult Education - State-Administered Basic Grant Program	84.002	263,895
Bilingual Education	84.003	81,000
Special Education - Preschool Grants	84.173	147,845
Special Education - Grants for Infants and Families with Disabilities	84.181	111,950

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY (CONT'D)		
NATIONAL URBAN LEAGUE		
Rates for Calculating Change	NONE	\$2,000
Subtotal Louisiana Educational Television Authority		<u>841,353</u>
LOUISIANA HOUSING FINANCE AGENCY		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Shelter Plus Care	14.238	65,146
HOME Investment Partnerships Program	14.239	5,276,884
Housing Opportunities for Persons with AIDS	14.241	126,360
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	2,339,398
Subtotal Louisiana Housing Finance Agency		<u>7,807,788</u>
LOUISIANA SYSTEMIC INITIATIVES PROGRAM		
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	2,272,665
Subtotal Louisiana Systemic Initiatives Program		<u>2,272,665</u>
LOUISIANA UNIVERSITIES MARINE CONSORTIUM		
U.S. DEPARTMENT OF COMMERCE		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	134,762
U.S. DEPARTMENT OF THE INTERIOR		
Coastal Wetlands Planning, Protection and Restoration Act	15.614	83,104
National Water Resources Research Program	15.806	133,948
NATIONAL SCIENCE FOUNDATION		
Geosciences	47.050	413,964
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Year of the Gulf . . . Surveys, Studies, Investigations	NONE	7,941
U.S. DEPARTMENT OF ENERGY		
Asimilation/Transfer of Carbon in Coastal Water Columns	NONE	60,824

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
 Schedule of Federal Financial Assistance
 For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA UNIVERSITIES MARINE CONSORTIUM (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
U.S. Army Corps of Engineers	NONE	\$40,107
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Stennis Space Center/Graduate Student Researchers Program	NONE	1,559
Subtotal Louisiana Universities Marine Consortium		<u>876,209</u>
MILITARY AFFAIRS, DEPARTMENT OF		
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act of 1986	83.011	134,768
Community Assistance Program - State Support Services Element	83.105	47,016
Civil Defense - State and Local Emergency Management Assistance	83.503	1,229,325
State Disaster Preparedness Grants	83.505	50,457
Disaster Assistance	83.516	9,604,758
Hazard Mitigation Assistance	83.519	1,834
Hurricane Program	83.520	56,239
Earthquake Hazards Reduction Grants	83.521	47,254
Emergency Management Institute - Field Training Program	83.528	111,108
State and Local Emergency Management Assistance - Other Assistance	83.531	356,695
Facilities and Equipment	83.532	80,531
U.S. DEPARTMENT OF DEFENSE		
Army National Guard - Operations and Maintenance Cooperative Funding Agreement	NONE	2,527,821
Army National Guard - Environmental Compliance Achievement Program	NONE	762,857
Army National Guard - Security	NONE	192,452
Army National Guard - Food Service	NONE	246,270
Army National Guard - J-SIIDS Funding Agreement	NONE	45,363
Air National Guard - Operations and Maintenance Cooperative Funding Agreement	NONE	342,146
Air National Guard - Security Cooperative Funding Agreement	NONE	148,859
Youth Challenge	NONE	3,770,922
Miscellaneous Funding Agreements	NONE	4,209,781
Various Agreements	NONE	71,718
Subtotal Department of Military Affairs		<u>24,038,174</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NATURAL RESOURCES, DEPARTMENT OF		
U.S. DEPARTMENT OF COMMERCE		
Coastal Zone Management Administration Awards	11.419	\$1,831,017
Habitat Conservation	11.463	328,441
U.S. DEPARTMENT OF THE INTERIOR		
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	166,495
Abandoned Mine Land Reclamation Program	15.252	41,524
Mineral Management Service	NONE	123,871
U.S. Geological Survey	NONE	31,031
U.S. DEPARTMENT OF TRANSPORTATION		
Pipeline Safety	20.700	321,290
U.S. ENVIRONMENTAL PROTECTION AGENCY		
State Underground Water Source Protection	66.433	18,046
Construction Management Assistance	66.438	338,538
Wetlands Protection - State Development Grants	66.461	56,540
U.S. DEPARTMENT OF ENERGY		
State Energy Conservation	81.041	215,089
Energy Extension Service	81.050	36,070
Energy Conservation for Institutional Buildings	81.052	118,189
Petroleum Violation Escrow Funds	NONE	3,102,880
UNIVERSITY OF TEXAS AT AUSTIN		
Mineral Management Service	NONE	5,969
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	491,188
Subtotal Department of Natural Resources		<u>7,226,178</u>
ORLEANS LEVEE DISTRICT		
U.S. DEPARTMENT OF TRANSPORTATION		
Airport Improvement Program	20.106	105,808
Subtotal Orleans Levee District		<u>105,808</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
PINECREST DEVELOPMENTAL CENTER		
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Foster Grandparent Program	72.001	<u>\$280,734</u>
Subtotal Pinecrest Developmental Center		<u>280,734</u>
PUBLIC HEALTH, OFFICE OF		
U.S. DEPARTMENT OF AGRICULTURE		
Special Supplemental Food Program for Women, Infants, and Children	10.557	71,477,104
Commodity Supplemental Food Program	10.565	16,571,090
U.S. DEPARTMENT OF TRANSPORTATION		
State and Community Highway Safety	20.600	13,875
U.S. ENVIRONMENTAL PROTECTION AGENCY		
State Public Water System Supervision	66.432	1,323,380
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	410,282
Maternal and Child Health Federal Consolidated Programs	93.110	80,710
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	705,197
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	4,493,888
Temporary AIDS Drug Reimbursements	93.146	239,794
Health Program for Toxic Substances and Disease Registry	93.161	334,191
Family Planning - Services	93.217	3,365,275
Childhood Immunization Grants	93.268	1,719,826
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	916,029
Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	92,922
Assistance Program for Chronic Disease Prevention and Control	93.945	250,918
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	1,009,103
Preventive Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	54,908
Health Programs for Refugees	93.987	41,677
Preventive Health and Health Services Block Grant	93.991	6,069,420
Maternal and Child Health Services Block Grant to the States	93.994	18,246,142
Various Agreements	NONE	299,963

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
PUBLIC HEALTH, OFFICE OF (CONT'D)		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Various Agreements	NONE	\$282,709
Subtotal Office of Public Health		<u>127,998,403</u>
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, CORRECTIONS SERVICES		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Model Criminal Justice Drug Abuse Treatment for Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations	93.903	<u>384,210</u>
Subtotal Department of Public Safety and Corrections, Corrections Services		<u>384,210</u>
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, PUBLIC SAFETY SERVICES		
U.S. DEPARTMENT OF TRANSPORTATION		
Motor Carrier Safety Assistance Program	20.218	1,150,314
State and Community Highway Safety	20.600	2,360,554
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	148,895
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Technical Assistance Grants Program	66.810	23,180
U.S. DEPARTMENT OF JUSTICE		
Various Agreements	NONE	254,713
U.S. DEPARTMENT OF STATE		
Anti-Terrorism Assistance Program	NONE	1,530,434
U.S. DEPARTMENT OF TREASURY		
U.S. Customs Service Marine Enforcement	NONE	<u>3,959</u>
Subtotal Department of Public Safety and Corrections, Public Safety Services		<u>5,472,049</u>
REVENUE AND TAXATION, DEPARTMENT OF		
U.S. DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction	20.205	<u>85,885</u>
Subtotal Department of Revenue and Taxation		<u>85,885</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOCIAL SERVICES, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
Food Stamps	10.551	\$634,504,313
State Administrative Matching Grants for Food Stamp Program	10.561	38,901,774
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Emergency Shelter Grants Program	14.231	614,162
U.S. DEPARTMENT OF ENERGY		
Weatherization Assistance for Low-Income Persons	81.042	811,479
U.S. DEPARTMENT OF EDUCATION		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	45,481,162
Independent Living - State Grants	84.169	729,157
Supported Employment Services for Individuals with Severe Disabilities	84.187	714,194
Rehabilitation Training--State Vocational Rehabilitation Unit In-Service Training	84.265	68,336
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	253,642
Family Support Payments to States - Assistance Payments	93.560	127,742,712
Job Opportunities and Basic Skills Training	93.561	17,902,567
Child Support Enforcement	93.563	26,742,201
Refugee and Entrant Assistance - State Administered Programs	93.566	1,194,611
Low-Income Home Energy Assistance	93.568	11,959,703
Child Care for Families At-Risk of Welfare Dependency	93.574	1,114,365
Child Care and Development Block Grant	93.575	17,061,250
Refugee and Entrant Assistance - Targeted Assistance	93.584	78,513
Children's Justice Grants to States	93.643	119,799
Child Welfare Services - State Grants	93.645	6,917,570
Adoption Opportunities	93.652	2,054
Foster Care - Title IV-E	93.658	37,608,373
Adoption Assistance	93.659	3,648,254
Social Services Block Grant	93.667	50,418,709
Child Abuse and Neglect Discretionary Activities	93.670	443,437
Community-Based Prevention Program	93.672	21,818
Independent Living	93.674	1,196,202
SOCIAL SECURITY ADMINISTRATION		
Social Security - Disability Insurance	96.001	29,268,863
Subtotal Department of Social Services		<u>1,055,519,220</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
STATE COUNCIL ON VOCATIONAL EDUCATION		
U.S. DEPARTMENT OF EDUCATION		
Vocational Education - State Councils	84.053	\$148,283
Subtotal State Council on Vocational Education		<u>148,283</u>
STUDENT FINANCIAL ASSISTANCE, OFFICE OF		
U.S. DEPARTMENT OF EDUCATION		
Federal Family Education Loans	84.032	19,914,998
State Student Incentives Grants	84.069	1,019,073
Douglas Teacher Scholarships	84.176	287,500
Subtotal Office of Student Financial Assistance		<u>21,221,571</u>
TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF		
U.S. DEPARTMENT OF TRANSPORTATION		
Airport Improvement Program	20.106	1,542,659
Highway Planning and Construction	20.205	250,156,659
Highway Beautification - Control of Outdoor Advertising and Control of Junkyards	20.214	21,873
Highway Training and Education	20.215	88,204
Local Rail Freight Assistance	20.308	231,460
Federal Transit Capital Improvement Grants	20.500	2,242,793
Federal Transit Technical Studies Grants	20.505	588,521
Federal Transit Capital and Operating Assistance Formula Grants	20.507	982,264
Public Transportation for Nonurbanized Areas	20.509	2,706,300
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	1,028,174
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Community Assistance Program - State Support Services Element	NONE	35,093
Subtotal Department of Transportation and Development		<u>259,624,000</u>
TREASURY, DEPARTMENT OF THE		
U.S. DEPARTMENT OF AGRICULTURE		
Schools and Roads - Grants to States	10.665	2,745,837
U.S. DEPARTMENT OF DEFENSE		
Payments to States in Lieu of Real Estate Taxes	12.112	46,760
Military Installation Timber Sale Receipts	NONE	205,735

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
TREASURY, DEPARTMENT OF THE (CONT'D)		
U.S. DEPARTMENT OF THE INTERIOR		
Mineral Lease Income	NONE	\$433,547
U.S. DEPARTMENT OF EDUCATION		
Federal Annual Bond Interest Grant	NONE	108,426
Subtotal Department of the Treasury		<u>3,540,305</u>
VETERANS AFFAIRS, DEPARTMENT OF		
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans State Domiciliary Care	64.014	560,353
Veterans State Nursing Home Care	64.015	1,681,057
Subtotal Department of Veterans Affairs		<u>2,241,410</u>
WILDLIFE AND FISHERIES, DEPARTMENT OF		
U.S. DEPARTMENT OF COMMERCE		
Interjurisdictional Fisheries Act of 1986	11.407	184,794
Cooperative Fishery Statistics	11.434	65,899
Southeast Area Monitoring and Assessment Program	11.435	146,042
Dire Emergency Appropriation Act	NONE	3,207,458
Various Agreements	NONE	25,000
U.S. DEPARTMENT OF THE INTERIOR		
Sport Fish Restoration	15.605	5,258,304
Wildlife Restoration	15.611	1,994,034
Endangered Species Conservation	15.612	867,855
Coastal Wetlands Planning, Protection and Restoration Act	15.614	20,087
Clean Vessel Act	15.616	47,522
Breeding Bird Atlas	NONE	11,372
Dire Emergency Appropriation Fund	NONE	5,279,316
Dire Emergency Supplemental Appropriation for Hurricane Andrew	NONE	482,464
U.S. DEPARTMENT OF TRANSPORTATION		
Boating Safety Financial Assistance	20.005	579,894
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	26,760

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
WILDLIFE AND FISHERIES, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF ENERGY		
Fossil Energy Research and Development	81.089	\$2,403
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	22,840
Subtotal Department of Wildlife and Fisheries		<u>18,222,044</u>
WOMEN'S SERVICES, OFFICE OF		
PARISH OF EAST BATON ROUGE		
Job Training Partnership Act	17.250	90,695
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Family Violence Prevention and Services -		
Grants to States and Indian Tribes	93.671	235,991
Subtotal Office of Women's Services		<u>326,686</u>
DELGADO COMMUNITY COLLEGE		
ORLEANS PRIVATE INDUSTRY COUNCIL		
Employment and Training Assistance - Dislocated Workers	17.246	194,390
Job Training Partnership Act	17.250	221,079
JEFFERSON PARISH		
Job Training Partnership Act	17.250	154,786
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	250,000
Federal Work-Study Program	84.033	200,467
Upward Bound	84.047	139,426
Federal Pell Grant Program	84.063	8,491,809
Tech-Prep Education	84.243	9,984
Various Agreements	NONE	32,489
Subtotal Delgado Community College		<u>9,694,430</u>
ELAINE P. NUNEZ COMMUNITY COLLEGE		
U.S. DEPARTMENT OF EDUCATION		
Federal Pell Grant Program	84.063	948,498
Subtotal Elaine P. Nunez Community College		<u>948,498</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
GRAMBLING STATE UNIVERSITY		
U.S. DEPARTMENT OF THE INTERIOR		
Research Information	15.975	\$33,344
U.S. INFORMATION AGENCY		
Educational Exchange - University Lecturers (Professors) and Research Scholars	82.002	3,101
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	262,981
Special Education - Personnel Development and Parent Training	84.029	1,892
Higher Education - Institutional Aid	84.031	2,680,918
Federal Work-Study Program	84.033	714,217
Student Support Services	84.042	104,340
Upward Bound	84.047	428,623
Federal Pell Grant Program	84.063	9,958,244
Higher Education - Trip Staff Training Program	84.103	6,805
Minority Science Improvement	84.120	86,958
Eisenhower Professional Development - Federal Activities	84.168	22,312
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	153,618
Child Welfare Research and Demonstration	93.608	65,442
Public Assistance Research	93.812	(2,115)
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	174,596
Various Agreements	NONE	329,819
U.S. DEPARTMENT OF DEFENSE		
Naval Scholars of Science	NONE	327,985
Institute of Science for Pursuit of Graduate Studies	NONE	156,950
U.S. DEPARTMENT OF ENERGY		
Various Agreements	NONE	73,572
NATIONAL SCIENCE FOUNDATION		
Various Agreements	NONE	127,662
U.S. DEPARTMENT OF TRANSPORTATION		
Various Agreements	NONE	52,277

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
GRAMBLING STATE UNIVERSITY (CONT'D)		
CITY OF SHREVEPORT		
Teen Prep Academy	NONE	(\$3,142)
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION		
Various Agreements	NONE	100,272
PRIVATE GRANTS AND CONTRACTS		
HN & Frances Berger Foundation	NONE	15,274
Other Private Grants and Scholarships	NONE	176,630
Subtotal Grambling State University		<u>16,052,575</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER		
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	73,440
Rural Clean Water Program	10.068	105,619
Grants for Agricultural Research, Special Research Grants	10.200	1,158,382
Cooperative Forestry Research	10.202	485,934
Payments to Agricultural Experiment Stations Under Hatch Act	10.203	3,146,910
Grants for Agricultural Research - Competitive Research Grants	10.206	132,352
Animal Health and Disease Research	10.207	69,393
Cooperative Extension Service	10.500	7,040,464
Forestry Research	10.652	221,986
Cooperative Forestry Assistance	10.664	823
Technical Agricultural Assistance	10.960	5,821
International Agricultural Research Program	10.961	40,592
International Training - Foreign Participant	10.962	48,683
Various Agreements	NONE	1,119,068
Fixed Price Contracts	NONE	45,037
TEXAS AGRICULTURAL EXPERIMENT STATION - TEXAS A&M UNIVERSITY SYSTEM		
Grants for Agricultural Research, Special Research Grants	10.200	19,917
OKLAHOMA STATE UNIVERSITY		
Grants for Agricultural Research, Special Research Grants	10.200	22,179

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
U.S. DEPARTMENT OF COMMERCE		
Coastal Zone Management Estuarine Research Reserves	11.420	(\$1,560)
Intergovernmental Climate - Programs	11.428	41,184
Commerce Agreement	NONE	17,486
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	48,090
Pesticides Control Research	66.502	29,024
Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	66.700	95,977
Environmental Education Grants	66.951	41,106
EPA Agreement	NONE	8,537
U.S. DEPARTMENT OF EDUCATION		
Federal Work-Study Program	84.033	24,361
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Academic Research Enhancement Award	93.390	63,524
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	328,409
Geological Survey Fixed Price Contracts	NONE	2,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	202,560
NATIONAL SCIENCE FOUNDATION		
Various Agreements	NONE	36,287
U.S. TENNESSEE VALLEY AUTHORITY		
Various Agreements	NONE	75,751
AMITE RIVER BASIN DRAINAGE AND WATER DISTRICT		
Hazard Mitigation Project - Fixed Price Contract	NONE	5,823

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
UNIVERSITY OF ARKANSAS		
Influence of Seedling Damage due to Pathogens, Threps, and Nematodes on Crop Earliness, Yield, and Fiber Quality	NONE	\$28
Utilization of Winter Legume Cover Crops for Pest and Fertility Management in Cotton	NONE	6,992
National Canola Research Program for the Mid-South Region	NONE	4,000
CLEMSON UNIVERSITY		
Increase the Awareness and Understanding by Farmers of the 1994 Crop Insurance Reform Act	NONE	2,041
UNIVERSITY OF FLORIDA		
Bifenthrin: Magnitude of the Residue on Pepper (Non-Bell) - Fixed Price Contract	NONE	2,500
USDA Southern Region IR-4 Grant - Fixed Price Contract	NONE	2,500
MISSISSIPPI STATE UNIVERSITY - MISSISSIPPI AGRICULTURAL AND FORESTRY EXPERIMENT STATION		
Early Selection Criteria and Clonal Propagation Methods for Increased Productivity of Sycamore in Short-Rotation Systems	NONE	(418)
A Producer-Based Aquaculture Assurance Program	NONE	1,634
NORTH CAROLINA UNIVERSITY		
Implementation of TQM & HACCP Concepts for Processing Aquaculture Products	NONE	6,604
PLAQUEMINES PARISH COUNCIL ON AGING		
Elderly Care Project	NONE	(9)
UNIVERSITY OF TENNESSEE		
The Effect of Tillage on Fate and Transport of Pesticides through Unsaturated Soil Profiles	NONE	47,849
TEXAS A & M RESEARCH FOUNDATION		
The Riceland Mosquito Management Program	NONE	715
UNIVERSITY OF WISCONSIN - EXTENSION		
National Extension Leadership Development Program	NONE	345

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
PRIVATE GRANTS AND CONTRACTS		
Academy for Educational Development - Fixed Price Contract	NONE	\$8,072
American Collegiate Consortium for East - West Cultural Exchange	NONE	182,886
Area Health Education Center - Fixed Price Contract	NONE	5,625
Consortium for International Development	NONE	1,620
Development Associates, Incorporated - Fixed Price Contracts	NONE	43,082
Embassy of the Arab Republic of Egypt - Fixed Price Contracts	NONE	6,500
Louis Berger International, Incorporated	NONE	303,058
The Louisiana Forestry Association - Fixed Price Contract	NONE	9,643
National Dairy Board	NONE	2,260
National Fish and Wildlife Foundation	NONE	6,545
Ocean City Research Corporation	NONE	100
Partners for International Education and Training	NONE	4,312
Southern Regional Aquaculture Center	NONE	81,216
Subtotal Louisiana State University Agricultural Center		<u>15,484,859</u>
PENNINGTON BIOMEDICAL RESEARCH CENTER		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	856,068
Grants for Agricultural Research - Competitive Research Grants	10.206	60,899
Various Agreements	NONE	57,518
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Comparative Medicine Program	93.306	283,308
Heart and Vascular Diseases Research	93.837	1,048,748
Diabetes, Endocrinology and Metabolism Research	93.847	239,543
Digestive Diseases and Nutrition Research	93.848	785,425
Research for Mothers and Children	93.865	377,288
Public Health Agreement	NONE	1,131
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	2,169,546
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	402,445
Subtotal Pennington Biomedical Research Center		<u>6,281,919</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE)		
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$1,050
Grants for Agricultural Research, Special Research Grants	10.200	30,948
Grants for Agricultural Research - Competitive Research Grants	10.206	313,418
Various Agreements	NONE	93,165
Various Fixed Price Contracts	NONE	18,600
U.S. DEPARTMENT OF COMMERCE		
Economic Development - Grants for Public Works and Infrastructure Development	11.300	6,617
Sea Grant Support	11.417	1,710,456
Coastal Zone Management Estuarine Research Reserves	11.420	6,953
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreement Program	11.427	41,451
Intergovernmental Climate - Programs	11.428	405,193
Climate and Atmospheric Research	11.431	17,593
Marine Fisheries Initiative	11.433	122,204
Various Agreements	NONE	510,073
Various Fixed Price Contracts	NONE	7,593
FLORIDA STATE UNIVERSITY		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	(786)
UNIVERSITY OF FLORIDA		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	1,566
Biological Response to Environmental Health Hazards	93.113	57,508
Regional Technology Transfer Center Louisiana Affiliate Technology Transfer Services	NONE	35,642
UNIVERSITY OF NORTH CAROLINA AT WILMINGTON		
Undersea Research	11.430	3,018
Gas Hydrate Mounds: Sites of Metastable Seafloor and High Microbial Productivity	NONE	110

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
Basic and Applied Scientific Research	12.300	\$507,653
Air Force Defense Research Sciences Program	12.800	247,598
Mathematical Sciences Grants Program	12.901	25,017
Various Agreements	NONE	1,649,559
Various Fixed Price Contracts	NONE	97,200
WASHINGTON UNIVERSITY		
Air Force Defense Research Sciences Program	12.800	12,270
U.S. DEPARTMENT OF THE INTERIOR		
Grants for Mining and Mineral Resources and Research Institutes	15.308	(9)
Assistance to State Water Resources Research Institutes	15.805	108,781
Earthquake Hazards Reduction Program	15.807	42,606
Geological Survey - Research and Data Acquisition	15.808	52,152
Various Agreements	NONE	2,839,216
Various Fixed Price Contracts	NONE	148,213
JEFFERSON PARISH		
Job Training Partnership Act	17.250	3,001
CITY OF BATON ROUGE		
Job Training Partnership Act	17.250	154,601
Baton Rouge City Court Volunteers in the Court Program - Fixed Price Contract	NONE	8,102
TANGIPAHOA PARISH CONSORTIUM		
Job Training Partnership Act	17.250	2,813
TANGIPAHOA PARISH SCHOOL BOARD		
Job Training Partnership Act	17.250	88,491
THE PRIVATE INDUSTRY COUNCIL FOR THE TERREBONNE CONSORTIUM		
Job Training Partnership Act	17.250	28,605

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
THE PRIVATE INDUSTRY COUNCIL FOR THE TERREBONNE CONSORTIUM: CITY OF BATON ROUGE, PARISH OF EAST BATON ROUGE; TANGIPAHOA PARISH SCHOOL SYSTEM Job Training Partnership Act	17.250	\$194,059
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Aerospace Education Services Program	43.001	18,908
Various Agreements	NONE	893,979
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES Promotion of the Arts - Literature	45.004	30,000
Promotion of the Humanities - Summer Seminars for College Teachers	45.116	63,413
Arts and Humanities Agreement	NONE	63,964
LOUISIANA ENDOWMENT FOR THE HUMANITIES Promotion of the Humanities - Federal-State Partnership	45.129	7,401
NATIONAL SCIENCE FOUNDATION Engineering Grants	47.041	(377)
Various Agreements	NONE	4,657,957
TEXAS A & M RESEARCH FOUNDATION Geosciences - Fixed Price Contracts	47.050	10,577
Chemosynthetic Ecosystem Study	NONE	15
Texas-Louisiana Shelf Circulation and Transport Processes	NONE	63,937
Intelligent Vehicle Highway Systems Research Centers at Excellence	NONE	59,142
Post-Cruise Scientific Research - Leg 150 - New Jersey Sea Level - Fixed Price Contract	NONE	700
An Epidemiologic Study of Equine Laminitis in Veterinary Teaching Hospitals - Fixed Price Contract	NONE	1,000
U.S. SMALL BUSINESS ADMINISTRATION Business Development Assistance to Small Business - Fixed Price Contract	59.005	13,000

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	\$16
Solid Waste Disposal Research	66.504	94,922
Water Pollution Control - Research, Development, and Demonstration	66.505	461,764
Environmental Education Grants	66.951	812
Various Agreements	NONE	2,001,139
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	1,550,468
Conservation Research and Development	81.086	71
Various Agreements	NONE	727,125
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	458,335
International: Overseas - Faculty Research Abroad	84.019	38,104
Federal Work-Study Program	84.033	867,714
Library Education and Training	84.036	78,256
Federal Perkins Loan Cancellations	84.037	565
Federal Perkins Loan Program - Federal Capital Contributions	84.038	(1,465)
Library Research and Demonstrations	84.039	1,458,019
Student Support Services	84.042	213,327
Federal Pell Grant Program	84.063	6,449,403
College Library Technology and Cooperation Grants	84.197	9,876
McNair Post-Baccalaureate Achievement	84.217	150,849
Various Agreements	NONE	73,474
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		
National Historical Publications and Records Grants	89.003	10,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Food and Drug Administration - Research	93.103	2,054
Biological Response to Environmental Health Hazards	93.113	209,810
Oral Diseases and Disorders Research	93.121	64,286
Human Genome Research	93.172	43,380
Research Related to Deafness and Communication Disorders	93.173	62,144
Alcohol Research Programs	93.273	2,208
Drug Abuse Research Programs	93.279	105,773
Cooperative Medicine Program	93.306	128,267
Biomedical Research Support	93.337	54,083

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Health Professions Student Loans, Including Primary Care Loans/ Loans for Disadvantaged Students	93.342	\$191
Cancer Detection and Diagnosis Research	93.394	10,731
Cell Biology and Biophysics Research	93.821	411,189
Lung Diseases Research	93.838	262,647
Diabetes, Endocrinology and Metabolism Research	93.847	85,557
Digestive Diseases and Nutrition Research	93.848	459
Microbiology and Infectious Diseases Research	93.856	282,145
Pharmacology, Physiology, and Biorelated Chemistry	93.859	104,326
Cellular and Molecular Basis of Disease Research	93.863	8,112
Senior International Fellowships	93.989	15,585
Various Agreements	NONE	58,781
Public Health Fixed Price Contract	NONE	27,641
THE TRUSTEES OF INDIANA UNIVERSITY		
Urban Indian Health Services	93.193	53,792
Molecular Analysis of Drosophila AP Endonucleases	NONE	24,138
U.S. INFORMATION AGENCY		
Various Agreements	NONE	538,717
U.S. NUCLEAR REGULATORY COMMISSION		
Nuclear Regulatory Agreement	NONE	2,466
U.S. DEPARTMENT OF STATE		
Various Agreements	NONE	3,641,724
U.S. DEPARTMENT OF TRANSPORTATION		
Various Agreements	NONE	134,530
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Firefighter Safety Study Response Guide Development	NONE	17,136
UNITED STATES DISTRICT COURT		
Middle District of Louisiana - Various Agreements	NONE	388,101
ARIZONA BOARD OF REGENTS, UNIVERSITY OF ARIZONA		
Active Tectonics Final Report Layout Design - Fixed Price Contract	NONE	2,000

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
ASCENSION PARISH SCHOOL BOARD Teaching With Finesse	NONE	\$264
BELOIT COLLEGE Materials Science Workshop	NONE	3,143
REGENTS OF THE UNIVERSITY OF CALIFORNIA Radiation Effects in Space	NONE	70
LSU Science Education for Public Understanding Program Development Center	NONE	815
UNIVERSITY OF CALIFORNIA Bean Test Experiment at KEK Facility in Japan	NONE	103
CALIFORNIA INSTITUTE OF TECHNOLOGY Studies of Large-Magnitude Intracontinental Extensional Tectonism in the Basin and Range Province, California and Nevada	NONE	3,157
Advances in Multi-Sensor Integration	NONE	1,740
CENTRAL WASHINGTON UNIVERSITY Active Deformation in the Mojave Desert Region and the Walker Lane Belt: A GPS Experiment - Year 3	NONE	5,160
UNIVERSITY OF CHICAGO Eigensolver for Mind Architectures and Multi-Resolution Space-Time MD Algorithms	NONE	69,275
Natural and Human Induced Causes of Wetland Loss in Coastal Louisiana	NONE	92,055
METROPOLITAN COUNCIL OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE A Follow-Up Study of the 1991 Surveys of the Community, College Students, and Professional Populations	NONE	30,798
CLEMSON UNIVERSITY RESEARCH FOUNDATION Vortex-Generator Induced Enhanced Heat Transfer in Gas Turbine Blade Coolant Channels with Rotation	NONE	191,598

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
COLUMBIA UNIVERSITY		
Dynamic Enhanced Recovery Technologies - Geologic Input	NONE	\$7,460
Dynamic Enhanced Recovery Technologies - Model Simulations	NONE	63,118
Dynamic Enhanced Recovery Technologies - Fortran Algorithms	NONE	15,297
Dynamic Enhanced Recovery Technologies - Visualization of Model Output	NONE	89,983
Dynamic Enhanced Recovery Technologies - Access Basic Preparation	NONE	(2,480)
UNIVERSITY OF CONNECTICUT RESEARCH FOUNDATION		
Culture Opportunity and Attainment: The Impact of Local Area	NONE	22,347
DUKE UNIVERSITY		
Environmental Heterogeneity and Woody Species Diversity In Low-Elevation Tropical Secondary Forests	NONE	21,095
UNIVERSITY OF DELAWARE		
Positron Electron Magnet Spectrometer	NONE	34,600
UNIVERSITY OF SOUTH FLORIDA		
Atlas of Satellite Imagery of the N.E. Gulf of Mexico - Fixed Price Contract	NONE	750
GEORGIA INSTITUTE OF TECHNOLOGY		
Operation of Lead Training Center	NONE	21,922
RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII		
Behavior and Genetics of the Native Freshwater Fishes of the Hawaiian Islands	NONE	69,161
ILLINOIS STATE UNIVERSITY		
A Faculty Workshop to Improve Laboratory Instruction in Introductory Biology	NONE	9,933
THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS		
Biogeochemistry of Constructed Wetlands: Reducing Agricultural NPS Pollution	NONE	3,133

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
LAMAR UNIVERSITY		
Source Reduction Through On-Line Optimization	NONE	\$243
Fundamental Aspects of Electrokinetic Remediation of Soils	NONE	98,766
Solidification of Salts of AS, CR, and PB Using Cement and Various Additives	NONE	30
The Use of Supercritical Fluids for Waste Minimization	NONE	30,356
Leachability and Structural Integrity of Cement Based Phosphogypsum, Stabilization Blocks as Artificial Reefs, Oyster Substrates, and Coastal Structures	NONE	28,806
Solidification Stabilization of Organics, a Database	NONE	14,146
Laser Diagnostics of the Combustion Process Within a Rotary KILN Incinerator	NONE	152
Pollution Prevention by Process Modification	NONE	1,054
UNIVERSITY OF MARYLAND		
Reducing Aquacultural Waste Generation and Discharge	NONE	29,528
UNIVERSITY OF MARYLAND AT COLLEGE PARK		
Development of Additional Prototype Strategies for Inclusion in RT-TRACS	NONE	6,994
UNIVERSITY OF TENNESSEE		
Improving Transportation Data for Mobile Source Emissions Estimates	NONE	31,368
TEXAS A & M UNIVERSITY		
Gulf of Mexico Annex V Disposal Facilities Inventory and Recycling Manual for Ports and Marinas	NONE	18,990
TEXAS A & M UNIVERSITY SYSTEM		
An Inter-Institutional Course on Aquatic Pathobiology for Veterinary Students	NONE	2,400
UNIVERSITY OF TEXAS AT AUSTIN		
Mapping Sand Resources in the Barataria Bight: Offshore Grand Terre, Louisiana	NONE	6,495
Oil and Gas Resources Atlas Series Offshore Northern Gulf of Mexico	NONE	83,245

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
TULANE UNIVERSITY		
Factors Affecting Formation, Emission and Secondary Reactions of Nitrous Oxide and Methane in Flooded Soil Profiles of Gulf Coast Wetlands and Flooded Rice Fields	NONE	\$38,860
Field Studies of Beach Cones as Coastal Erosion/Reversal Devices for Areas with Significant Oil and Gas Activities	NONE	6,280
Transport Processes Through Interfaces, Membranes, and Porous Media	NONE	29,017
Flux of Methane from Natural Wetlands: Experimental Study and Modeling Analysis	NONE	30,638
Methane Emissions and Mitigation from Louisiana and Philippines Rice Agriculture	NONE	51,824
UNIVERSITY OF WASHINGTON		
Antarctic Long Duration Balloon Flight for Japanese American Cooperative Emulsion Experiment	NONE	31,497
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM		
Assessing the Geomorphic Evolution and Hydrographic Changes Induced by Winter Storms Along the Louisiana Coast	NONE	115,774
PRIVATE GRANTS AND CONTRACTS		
Academy for Educational Development	NONE	43,863
Academy for Educational Development - Fixed Price Contract	NONE	58,124
Amoco Production Company	NONE	61,929
Battelle Memorial Institute, Pacific Northwest Laboratories	NONE	8,947
The Consortium for Plant Biotechnology Research Incorporated	NONE	45,729
Consultant's Group/Latin America - Fixed Price Contract	NONE	13,400
Dynalysis of Princeton	NONE	27,971
Embassy of the Arab Republic of Egypt	NONE	2,091
Gulf Coast Research Laboratory - Fixed Price Contract	NONE	6,200
Health Effects Institute	NONE	146,887
Institute for International Education - Fixed Price Contract	NONE	7,000
International Research and Exchanges Board	NONE	16,224
International Rice Research Institute	NONE	67,233

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
PRIVATE GRANTS AND CONTRACTS (CONT'D)		
Lee Wilson and Associates - Fixed Price Contracts	NONE	\$2,800
Lockheed Idaho Technologies Company	NONE	100,307
Los Alamos National Lab - Fixed Price Contract	NONE	2,450
Louis Berger & Associates, Incorporated	NONE	1,992
Martin Marietta - Fixed Price Contracts	NONE	118,711
MCNC	NONE	155,173
Medical Service Corporation International	NONE	91,019
National Academy of Sciences - Fixed Price Contract	NONE	74,927
National Coastal Resources Research and Development Institute	NONE	95,141
National Writing Project Corporation	NONE	13,566
Neptune and Company, Incorporated	NONE	6,700
Partners for International Education and Training - Fixed Price Contract	NONE	21,279
Prewitt & Associates Incorporated - Fixed Price Contract	NONE	59,219
The Rand Corporation	NONE	50,784
Sandia National Laboratories	NONE	40,804
SatCon Technology Corporation, Incorporated - Fixed Price Contract	NONE	7,200
Space Telescope Science Institute	NONE	23,090
Texaco Exploration and Production, Incorporated	NONE	28,824
ThermalScan, Incorporated - Fixed Price Contracts	NONE	37,430
NYZS The Wildlife Conservation Society	NONE	5,502
Subtotal Louisiana State University and A & M College		39,714,139
LOUISIANA STATE UNIVERSITY AT ALEXANDRIA		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	44,439
Higher Education - Institutional Aid	84.031	35,931
Federal Work-Study Program	84.033	51,641
Federal Pell Grant Program	84.063	1,324,426
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Student Loans	93.364	156
RAPIDES PARISH POLICE JURY		
Summer Tutorial for At-Risk Students	NONE	60,007
Redirections, Computer Skills Training	NONE	56,811
Subtotal Louisiana State University at Alexandria		1,573,411

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AT EUNICE		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	\$44,427
Federal Work-Study Program	84.033	41,340
Federal Perkins Loan Program - Federal Capital Contributions	84.038	6,264
Student Support Services	84.042	296,118
Upward Bound	84.047	250,972
Federal Pell Grant Program	84.063	2,038,352
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Student Loans	93.364	151
ST. LANDRY PARISH POLICE JURY		
Health Care Specialist	NONE	48,776
PRIVATE GRANTS AND CONTRACTS		
Louisiana Endowment for the Humanities	NONE	1,404
Subtotal Louisiana State University at Eunice		<u>2,727,804</u>
LOUISIANA STATE UNIVERSITY IN SHREVEPORT		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Institute of Museum Services	45.301	3,910
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	64,956
Undergraduate International Studies and Foreign Language Programs	84.016	68,781
Special Education - Personnel Development and Parent Training	84.029	2,592
Federal Work-Study Program	84.033	84,506
Federal Pell Grant Program	84.063	1,181,959
Business and International Education	84.153	46,023
Student Literacy Corps and Student Mentoring Corps	84.219	3,157
Urban Community Service	84.252	206,239
Eisenhower Leadership Program	84.261	110,121
NATIONAL SCIENCE FOUNDATION		
Various Agreements	NONE	21,263
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	31,704

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY IN SHREVEPORT (CONT'D)		
UNIVERSITY OF CALIFORNIA - BERKELEY National Writing Project	NONE	\$17,389
PRIVATE GRANTS AND CONTRACTS		
Corporation for Public Broadcasting	NONE	119,045
Louisiana Endowment for the Humanities	NONE	34,723
Louisiana Small Business Development Center	NONE	101,601
Subtotal Louisiana State University in Shreveport		<u>2,097,969</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS		
U.S. DEPARTMENT OF DEFENSE		
Military Medical Research and Development	12.420	2,813,086
Basic Scientific Research	12.431	34,956
Air Force Defense Research Sciences Program	12.800	60,268
U.S. DEPARTMENT OF JUSTICE		
Justice Research, Development, and Evaluation Project Grants	16.560	90
NATIONAL SCIENCE FOUNDATION		
Biological Sciences	47.074	59,741
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Air Pollution Control Research	66.501	282,414
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	24,474
Special Education - Personnel Development and Parent Training	84.029	60,300
Federal Work-Study Program	84.033	22,195
National Vocational Education Research	84.051	147,514
Federal Pell Grant Program	84.063	499,475
Rehabilitation Long-Term Training	84.129	253,743
Substance Abuse Education and Prevention Program	84.183	64,745
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Applied Toxicological Research and Testing	93.114	(6,818)
Oral Diseases and Disorders Research	93.121	664,911
National AIDS Education and Training Centers	93.145	455,276
Human Genome Research	93.172	174,629

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Research Related to Deafness and Communication Disorders	93.173	\$1,297,889
Small Instrumentation Grant	93.176	23,575
Mental Health Research Grants	93.242	134,775
Occupational Safety and Health Research Grants	93.262	36,372
Alcohol Research Programs	93.273	765,672
Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards	93.277	136,966
Drug Abuse National Research Service Awards for Research Training	93.278	42,438
Drug Abuse Research Programs	93.279	997,581
Scientist Development Award, Research Scientist Development Award, Scientist Development Award for Clinicians, and Research Scientist Award	93.281	81,047
Advanced Nurse Education	93.299	85,813
Biomedical Research Support	93.337	137,461
Professional Nurse Traineeships	93.358	34,601
Biomedical Research Technology	93.371	517,397
Cancer Cause and Prevention Research	93.393	541,260
Cancer Treatment Research	93.395	1,564
Cancer Research Manpower	93.398	37,056
Cancer Control	93.399	192,751
Developmental Disabilities University Affiliated Programs	93.632	188,876
Health Careers Opportunity Program	93.822	281,952
Area Health Education Centers	93.824	1,256,780
Heart and Vascular Diseases Research	93.837	1,610,124
Lung Diseases Research	93.838	152,340
Blood Diseases and Resources Research	93.839	9,976
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	147,392
Diabetes, Endocrinology and Metabolism Research	93.847	649,902
Digestive Diseases and Nutrition Research	93.848	207,155
Kidney Diseases, Urology and Hematology Research	93.849	209,665
Clinical Research Related to Neurological Disorders	93.853	5,555
Biological Basis Research in the Neurosciences	93.854	457,963
Genetics and Developmental Biology Research	93.862	445,033
Cellular and Molecular Basis of Disease Research	93.863	97,275
Research for Mothers and Children	93.865	283,141
Aging Research	93.866	388,865
Vision Research	93.867	2,868,256
Medical Library Assistance	93.879	28,726

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Alcohol Research Center Grants	93.891	\$1,686,748
Grants for Predoctoral Training in Family Medicine	93.896	106,298
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	66,770
Various Agreements	NONE	106,837
TULANE UNIVERSITY		
Maternal and Child Health Federal Consolidated Programs	93.110	(34)
General Clinical Research Centers	93.333	31,233
Heart and Vascular Diseases Research	93.837	45,048
Kidney Diseases, Urology, and Hematology Research	93.849	12,968
Microbiology and Infectious Diseases Research	93.856	350,569
Various Agreements	NONE	44,453
CITY OF NEW ORLEANS		
Project Grants for Health Services to the Homeless	93.151	41,322
HIV Emergency Relief Project Grants	93.914	30,375
Healthy Start Initiative	93.926	19,084
Various Agreements	NONE	38,253
CASE WESTERN UNIVERSITY		
Mental Health Research Grants	93.242	3,630
WASHINGTON UNIVERSITY MEDICAL CENTER		
Drug Abuse Research Programs	93.279	9,081
UNIVERSITY OF PITTSBURGH		
Cancer Treatment Research	93.395	2,916
SOUTHEAST LOUISIANA AREA HEALTH EDUCATION CENTERS		
Area Health Education Centers	93.824	15,138
SOUTHWEST LOUISIANA AREA HEALTH EDUCATION CENTERS		
Area Health Education Centers	93.824	9,942
DUKE UNIVERSITY		
Heart and Vascular Diseases Research	93.837	4,925

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
INDIANA UNIVERSITY Heart and Vascular Diseases Research	93.837	\$100,545
UNIVERSITY OF TENNESSEE Heart and Vascular Diseases Research	93.837	12,910
VANDERBILT UNIVERSITY Lung Diseases Research	93.838	5,153
UNIVERSITY OF CALIFORNIA - LOS ANGELES Clinical Research Related to Neurological Disorders	93.853	17,592
Microbiology and Infectious Diseases Research	93.856	27,937
JOHN HOPKINS UNIVERSITY Vision Research	93.867	139,741
PURDUE UNIVERSITY Vision Research	93.867	7,736
UNIVERSITY OF GEORGIA Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	151,666
U.S. DEPARTMENT OF VETERANS AFFAIRS Residency Programs	NONE	858,642
U.S. DEPARTMENT OF AGRICULTURE Various Agreements	NONE	2,999
U.S. DEPARTMENT OF THE INTERIOR Various Agreements	NONE	11
CANCER AND RESEARCH FOUNDATION Various Agreements	NONE	4,332
HOUSING AUTHORITY OF NEW ORLEANS Various Agreements	NONE	3,772

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
PRIVATE GRANTS AND CONTRACTS		
Helen Keller National Center	NONE	\$7,569
Various Private Grants	NONE	135,794
Subtotal Louisiana State University Medical Center (New Orleans)		<u>24,066,148</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - SHREVEPORT		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research - Competitive Research Grants	10.206	20,687
U.S. DEPARTMENT OF DEFENSE		
Air Force Defense Research Sciences Program	12.800	202,480
Various Agreements	NONE	87,170
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Technology Transfer	43.002	424
NATIONAL SCIENCE FOUNDATION		
Social, Behavioral, and Economic Sciences	47.075	1,644
U.S. DEPARTMENT OF EDUCATION		
Federal Perkins Loan Program - Federal Capital Contributions	84.038	6,113
Federal Pell Grant Program	84.063	8,630
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Mental Health Research Grants	93.242	178,780
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	107,829
Alcohol National Research Service Awards for Research Training	93.272	78,035
Alcohol Research Programs	93.273	583,102
Drug Abuse Research Programs	93.279	280,903
Scientist Development Award, Research Scientist Development Award, Scientist Development Award for Clinicians, and Research Scientist Award	93.281	72,757
Biomedical Research Support	93.337	31,811
Cancer Cause and Prevention Research	93.393	137,895
Cancer Biology Research	93.396	190,411
Cancer Control	93.399	81,434

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - SHREVEPORT (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Cell Biology and Biophysics Research	93.821	\$1,587
Heart and Vascular Diseases Research	93.837	679,500
Lung Diseases Research	93.838	122,870
Blood Diseases and Resources Research	93.839	775
Diabetes, Endocrinology and Metabolism Research	93.847	413,054
Digestive Diseases and Nutrition Research	93.848	1,526,394
Kidney Diseases, Urology and Hematology Research	93.849	423,779
Biological Basis Research in the Neurosciences	93.854	108,559
Allergy, Immunology and Transplantation Research	93.855	188,604
Microbiology and Infectious Diseases Research	93.856	398,451
Pharmacology, Physiology and Biorelated Chemistry	93.859	68,808
Genetics and Developmental Biology Research	93.862	634,454
Cellular and Molecular Basis of Disease Research	93.863	112,197
Research for Mothers and Children	93.865	346,519
Grants for Physician Assistant Training Program	93.886	135,447
Special Minority Initiatives	93.960	4,187
Subtotal Louisiana State University Medical Center (Shreveport)		<u>7,235,290</u>
LOUISIANA TECH UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Cooperative Forestry Research	10.202	157,824
Higher Education Challenge Grants	10.217	28,711
Forestry Research	10.652	25,422
Analysis of Protein from Cotton	NONE	652
U.S. DEPARTMENT OF DEFENSE		
Air Force Defense Research Sciences Program	12.800	27,067
Analysis of Mercury in Environment	NONE	417
Development of Phase Change Components	NONE	37,118
Effective Mid-Story Removal on Neotropical Birds	NONE	17,148
USAE/Waterways Experiment Station - Fixed Price Contract	NONE	18,420
Authorization and Security in Dynamic Reconfig MLS System	NONE	68,651
COORDINATING AND DEVELOPMENT CORPORATION		
Job Training Partnership Act	17.250	79,865

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA TECH UNIVERSITY (CONT'D)		
RAPIDES PARISH JOB TRAINING OFFICE Job Training Partnership Act	17.250	\$64,035
UNION COMMUNITY ACTION ASSOCIATION Job Training Partnership Act	17.250	75,670
U.S. DEPARTMENT OF TRANSPORTATION Airway Science	20.107	450
NATIONAL SCIENCE FOUNDATION Mathematical and Physical Sciences	47.049	75,421
Geosciences	47.050	40,014
Education and Human Resources	47.076	88,731
Various Agreements	NONE	66,945
U.S. SMALL BUSINESS ADMINISTRATION Small Business Development Center - Fixed Price Contract	59.037	4,500
U.S. DEPARTMENT OF EDUCATION Federal Supplemental Educational Opportunity Grants	84.007	540,969
Federal Work-Study Program	84.033	438,853
Federal Perkins Loan Program - Federal Capital Contributions	84.038	104,263
Federal Pell Grant Program	84.063	3,776,635
Rehabilitation Long-Term Training	84.129	99,487
Eisenhower Professional Development - Federal Activities	84.168	16,889
Student Literacy Corps and Student Mentoring Corps	84.219	11,576
National Science Scholars	84.242	4,131
Annual Interest Grant	NONE	113,349
Let's Get Visual	NONE	40,936
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION NASA Undergraduate Research Project - Fixed Price Contract	NONE	39,226
U.S. DEPARTMENT OF JUSTICE Various Agreements	NONE	36,430
U.S. DEPARTMENT OF COMMERCE Technology Transfer of Mini Technology	NONE	10,250

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA TECH UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF ENERGY		
Electrical Vehicle Engineering Project	NONE	\$1,701
Micro-Manufacturing Planning, Construction and Equipment	NONE	3,424,792
U.S. ENVIRONMENTAL PROTECTION AGENCY		
EPA Fellowship	NONE	483
CITY OF BOSSIER		
Bossier Incubator Development Project XIV	NONE	6,382
PEACE CORP OF THE UNITED STATES		
Youth Development Program	NONE	72,442
BATTELLE MEMORIAL INSTITUTE		
Using Composition Materials in Civil Engineering Applications	NONE	9,992
Subtotal Louisiana Tech University		<u>9,625,847</u>
MCNEESE STATE UNIVERSITY		
U.S. DEPARTMENT OF THE INTERIOR		
National Water Resources Research Program	15.806	42,083
CALCASIEU PARISH POLICE JURY		
Job Training Partnership Act	17.250	336,911
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Technology Transfer	43.002	14,665
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	131,381
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	1,554
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	9,407
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	166,314
Federal Work-Study Program	84.033	322,879

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
MCNEESE STATE UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF EDUCATION (CONT'D)		
Federal Perkins Loan Program - Federal Capital Contributions	84.038	\$74,640
Student Support Services	84.042	155,563
Upward Bound	84.047	222,289
Federal Pell Grant Program	84.063	4,321,457
Drug-Free Schools and Communities - National Programs	84.184	41,680
Student Literacy Corps and Student Mentoring Corps	84.219	442
National Science Scholars	84.242	2,754
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Learn and Serve America - Higher Education	94.005	16,938
Subtotal McNeese State University		<u>5,860,957</u>
NICHOLLS STATE UNIVERSITY		
TERREBONNE PARISH CONSORTIUM		
Job Training Partnership Act	17.250	61,090
ST. LANDRY PARISH POLICE JURY		
Job Training Partnership Act	17.250	42,982
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	33,760
Federal Work-Study Program	84.033	186,245
Federal Perkins Loan Program - Federal Capital Contributions	84.038	827
Student Support Services	84.042	279,922
Upward Bound	84.047	202,458
Federal Pell Grant Program	84.063	3,358,592
Drug Prevention Program/Higher Education/Institution-wide	NONE	12,678
U.S. INFORMATION AGENCY		
International Student Affairs	NONE	3,508
NATIONAL SCIENCE FOUNDATION		
Instrumentation and Laboratory Improvement Program	NONE	495
Subtotal Nicholls State University		<u>4,182,557</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHEAST LOUISIANA UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Cooperative Forestry Assistance	10.664	\$474
Various Agreements	NONE	364
UNIVERSITY OF TEXAS, SAN ANTONIO		
Trade Adjustment Assistance	11.313	(208)
CITY OF MONROE		
Community Development Block Grants/Entitlement Grants	14.218	1,363
Public and Indian Housing Drug Elimination Program	14.854	21,063
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Public and Indian Housing Drug Elimination Program	14.854	8,612
Public and Indian Housing - Comprehensive Grant Program	14.859	387
U.S. DEPARTMENT OF THE INTERIOR		
Wildlife Restoration	15.611	1,968
OUACHITA PARISH POLICE JURY		
Employment Service	17.207	2,008
Job Training Partnership Act	17.250	84,775
U.S. DEPARTMENT OF LABOR		
Senior Community Service Employment Program	17.235	341,467
U.S. DEPARTMENT OF TRANSPORTATION		
Airway Science	20.107	23,829
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Arts - Literature	45.004	4,654
Promotion of the Humanities - Federal-State Partnership	45.129	1,362
NATIONAL SCIENCE FOUNDATION		
Geosciences	47.050	123,145
Computer and Information Science and Engineering	47.070	92,840
Education and Human Resources	47.076	274,229
Academic Research Facilities and Instrumentation	47.077	16,000

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHEAST LOUISIANA UNIVERSITY (CONT'D)		
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	\$12,143
Small Business Development Center	59.037	1,393,741
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Toxic Substances Research	66.507	59,392
Various Agreements	NONE	48
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Student Community Service Program	72.005	3,036
Retired Senior Volunteer Program	94.002	35,190
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	273,392
Federal Work-Study Program	84.033	866,660
Federal Perkins Loan Program - Federal Capital Contributions	84.038	(257)
Talent Search	84.044	217,895
Federal Pell Grant Program	84.063	7,549,961
National Science Scholars	84.242	1,377
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Applied Toxicological Research and Testing	93.114	5,457
Drug Abuse Research Programs	93.279	9,166
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	442
Nursing Student Loans	93.364	398
Academic Research Enhancement Award	93.390	41,582
Community Services Block Grant - Discretionary Awards	93.570	90,381
Child Welfare Research and Demonstration	93.608	53,296
Cellular and Molecular Basis of Disease Research	93.863	691
Aging Research	93.866	18,993
Resource and Manpower Development in the Environmental Health Sciences	93.894	12,877
Subtotal Northeast Louisiana University		<u>11,644,193</u>
NORTHWESTERN STATE UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research - Competitive Research Grants	10.206	17,201

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHWESTERN STATE UNIVERSITY (CONT'D)		
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	\$5,879
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business - Fixed Price Contracts	59.005	9,094
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	116,744
Higher Education - Institutional Aid	84.031	263,698
Federal Work-Study Program	84.033	202,313
Federal Perkins Loan Program - Federal Capital Contributions	84.038	180,282
Student Support Services	84.042	211,004
Higher Education - Cooperative Education	84.055	13,992
Federal Pell Grant Program	84.063	7,138,314
National Science Scholars	84.242	1,377
Regional Network	NONE	2,123
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nurse Practitioner and Nurse - Midwifery Education Programs	93.298	131,242
Professional Nurse Traineeships	93.358	61,772
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	200,308
U.S. DEPARTMENT OF DEFENSE		
Cooperative Agreement	NONE	55,713
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Joint Venture	NONE	13,493
KISATCHIE NATIONAL PARK		
Challenge Cost Share Agreement	NONE	846
KISATCHIE NATIONAL FOREST		
Cooperative Agreement	NONE	21,145
UNIVERSITY OF OKLAHOMA		
Using Technology in Prevention for a Drug-Free Tomorrow	NONE	20,109

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHWESTERN STATE UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF THE INTERIOR		
National Park Service - Cooperative Agreements	NONE	\$60,795
Subtotal Northwestern State University		<u>8,727,444</u>
SOUTHEASTERN LOUISIANA UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Cooperative Forestry Research	10.202	953
Higher Education Challenge Grants	10.217	1,771
Forestry Research	10.652	12,825
HAWAII DEPARTMENT OF LAND-NATURAL RESOURCES - DIVISION OF AQUATIC RESOURCES		
Sport Fish Restoration	15.605	39,324
U.S. DEPARTMENT OF THE INTERIOR		
Endangered Species Conservation	15.612	3,830
Outdoor Recreation - Acquisition, Development and Planning	15.916	21,975
MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS		
Endangered Species Conservation	15.612	31,100
MISSOURI DEPARTMENT OF CONSERVATION		
Endangered Species Conservation	15.612	475
TANGIPAHOA PARISH SCHOOL BOARD		
Employment and Training Assistance - Dislocated Workers	17.246	310,559
Job Training Partnership Act	17.250	89,179
LOUISIANA ENDOWMENT FOR THE HUMANITIES		
Promotion of the Humanities - Federal-State Partnership	45.129	2,948
INDIANA UNIVERSITY		
Promotion of the Humanities - Reference Materials	45.145	16,071
NATIONAL SCIENCE FOUNDATION		
Mathematical and Physical Sciences	47.049	30,452
Computer and Information Sciences and Engineering	47.070	3,989
Biological Sciences	47.074	40,200

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHEASTERN LOUISIANA UNIVERSITY (CONT'D)		
U.S. SMALL BUSINESS ADMINISTRATION		
Small Business Development Center	59.037	\$4,500
OAK RIDGE INSTITUTE FOR SCIENCE AND EDUCATION		
Basic Energy Sciences - University and Science Education	81.049	26,664
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	231,677
Special Education - Personnel Development and Parent Training	84.029	93,995
Federal Work-Study Program	84.033	369,627
Federal Perkins Loan Program - Federal Capital Contributions	84.038	5,168
Student Support Services	84.042	213,383
Talent Search	84.044	210,939
Upward Bound	84.047	763,810
Higher Education - Cooperative Education	84.055	73,979
Federal Pell Grant Program	84.063	7,045,880
Educational Opportunity Centers	84.066	214,038
Student Literacy Corps and Student Mentoring Corps	84.219	36
EAST BATON ROUGE PARISH SCHOOL BOARD		
Tech-Prep Education	84.243	27,064
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Advanced Nurse Education	93.299	50,428
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	50,637
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Biological and Life Sciences	NONE	11,342
UNIVERSITIES SPACE RESEARCH ASSOCIATION		
Joint Venture in Space Research (JOVE)	NONE	4,000
UNIVERSITY OF CALIFORNIA - BERKLEY		
National Writing Project Corporation	NONE	17,960
PRIVATE GRANTS AND CONTRACTS		
Corporation for Public Broadcasting	NONE	80,414
Subtotal Southeastern Louisiana University		<u>10,101,192</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BOARD AND SYSTEM ADMINISTRATION		
U.S. DEPARTMENT OF AGRICULTURE Cooperative Extension Service	10.500	\$1,549,174
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT Various Agreements	NONE	2,016,807
PRIVATE GRANTS AND CONTRACTS Various Private Gifts and Grants	NONE	59,719
Subtotal Southern University - Board and System Administration		<u>3,625,700</u>
SOUTHERN UNIVERSITY - BATON ROUGE		
U.S. DEPARTMENT OF AGRICULTURE Agricultural Research - Basic and Applied Research	10.001	237,157
Federal-State Marketing Improvement Program	10.156	13,694
Grants for Agricultural Research, Special Research Grants	10.200	2,587
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	1,337,749
Grants for Agricultural Research - Competitive Research Grants	10.206	88,443
Morrill-Nelson Funds for Food and Agricultural Higher Education	10.214	(3,541)
Agricultural and Rural Economic Research	10.250	5,000
Forestry Research	10.652	15,974
Cooperative Forestry Assistance	10.664	139,363
Soil and Water Conservation	10.902	119,533
Agricultural Statistics Reports	10.950	7,500
International Agricultural Research Program	10.961	16,990
Various Agreements	NONE	457,683
U.S. DEPARTMENT OF DEFENSE Collaborative Research and Development	12.114	256,181
Basic and Applied Scientific Research	12.300	578,689
Air Force Defense Research Sciences Program	12.800	298,180
Language Grant Program	12.900	27,898
Mathematical Sciences Grants Program	12.901	28,167
Various Fixed-Price Contracts	NONE	143,088
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Historically Black Colleges and Universities Program	14.237	150,430

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BATON ROUGE (CONT'D)		
U.S. DEPARTMENT OF THE INTERIOR		
Grants for Mining and Mineral Resources and Research Institutes	15.308	\$76,544
PARISH OF EAST BATON ROUGE		
Job Training Partnership Act	17.250	158,314
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Grants for University Research and Training	20.502	95,512
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Aerospace Education Services Program	43.001	926,913
Technology Transfer	43.002	328,406
NATIONAL SCIENCE FOUNDATION		
Engineering Grants	47.041	49,057
Mathematical and Physical Sciences	47.049	30,725
Computer and Information Science and Engineering	47.070	542,613
Biological Sciences	47.074	89,629
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Solid Waste Disposal Research	66.504	393,534
Environmental Protection Consolidated Grants - Program Support	66.600	5,221
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	149,021
Minority Energy Information Clearinghouse	81.085	261,804
Various Agreements	NONE	1,084,108
Various Fixed-Price Contracts	NONE	49,638
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	777,274
Higher Education - Institutional Aid	84.031	2,053,483
Federal Work-Study Program	84.033	903,354
Student Support Services	84.042	244,192
Talent Search	84.044	316,166
Upward Bound	84.047	401,340
Higher Education - Cooperative Education	84.055	15,464
Federal Pell Grant Program	84.063	9,536,738
Law School Clinical Experience Program	84.097	41,233
Fund for the Improvement of Postsecondary Education	84.116	9,292

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BATON ROUGE (CONT'D)		
U.S. DEPARTMENT OF EDUCATION (CONT'D)		
Minority Science Improvement	84.120	\$106,722
Rehabilitation Long-Term Training	84.129	129,179
Secondary Education and Transitional Services for Youth with Disabilities	84.158	16,200
Drug-Free Schools and Communities - School Personnel Training	84.207	108,606
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	93.178	470,358
Minority Biomedical Research Support	93.375	1,208,247
Research Centers in Minority Institutions	93.389	24,401
Family Violence Prevention and Services - Grants to States and Indian Tribes	93.671	21,982
Minority Access to Research Careers	93.880	31,003
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION		
National Youth Sports Program	NONE	60,222
PRIVATE GRANTS AND CONTRACTS		
Various Private Gifts and Grants	NONE	868,082
Subtotal Southern University - Baton Rouge		<u>25,505,342</u>
SOUTHERN UNIVERSITY - NEW ORLEANS		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Historically Black Colleges and Universities Program	14.237	125,044
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Grants for University Research and Training	20.502	(10)
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	272,176
Higher Education - Institutional Aid	84.031	1,288,188
Federal Work-Study Program	84.033	211,612
Student Support Services	84.042	308,096
Talent Search	84.044	214,729
Upward Bound	84.047	222,918
Federal Pell Grant Program	84.063	5,276,546
Veterans Outreach Program	NONE	7,212

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Child Welfare Services Training Grants	93.648	\$71,954
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION National Youth Sports Program	NONE	51,872
PRIVATE GRANTS AND CONTRACTS Various Private Gifts and Grants	NONE	196,928
Various Agreements	NONE	45,885
Subtotal Southern University - New Orleans		<u>8,293,150</u>
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY		
U.S. DEPARTMENT OF EDUCATION Federal Supplemental Educational Opportunity Grants	84.007	52,104
Higher Education - Institutional Aid	84.031	838,365
Federal Work-Study Program	84.033	233,289
Federal Perkins Loan Program - Federal Capital Contributions	84.038	39,414
Student Support Services	84.042	211,637
Talent Search	84.044	236,707
Upward Bound	84.047	281,611
Federal Pell Grant Program	84.063	1,382,115
Various Agreements	NONE	6,473
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Minority Biomedical Research Support	93.375	154,066
PRIVATE GRANTS AND CONTRACTS Various Private Gifts and Grants	NONE	49,061
Subtotal Southern University - Shreveport-Bossier City		<u>3,484,842</u>
UNIVERSITY OF NEW ORLEANS		
U.S. DEPARTMENT OF COMMERCE Economic Development - State and Local Economic Development Planning	11.305	106,595
Public Telecommunications and Information Administration	NONE	23,199

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

**STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
Basic and Applied Scientific Research	12.300	\$16,270
Air Force Defense Research Sciences Program	12.800	75,775
Gulf Coast Region Maritime Technology Center	NONE	3,839,814
Naval Research Laboratory - Fixed Price Contract	NONE	5,500
Various Agreements	NONE	875,451
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business - Fixed Price Contract	59.005	10,000
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Solid Waste Disposal Research	66.504	317,590
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	218,248
Various Agreements	NONE	24,161
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	654,840
Undergraduate International Studies and Foreign Language Programs	84.016	73,095
Special Education - Personnel Development and Parent Training	84.029	299,962
Federal Work-Study Program	84.033	376,869
Federal Perkins Loan Cancellations	84.037	126,436
Talent Search	84.044	246,167
Upward Bound	84.047	464,063
Federal Pell Grant Program	84.063	6,109,552
Special Education - Program for Severely Disabled Children	84.086	298,514
Secondary Education and Transitional Services for Youth with Disabilities	84.158	100,129
Urban Community Service	84.252	246,010
Drug Prevention Program	NONE	47,909
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Scholarships for the Undergraduate Education of Professional Nurses	93.182	4,131
Mental Health Research Grants	93.242	14,490
Research for Mothers and Children	93.865	112,398
Synthesis of Cocaine Analogs	NONE	109,209

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF AGRICULTURE Various Agreements - Fixed Price Contracts	NONE	\$78,594
U.S. DEPARTMENT OF THE INTERIOR Various Agreements	NONE	80,663
U.S. Geological Survey	NONE	10,690
Mineral Management Survey	NONE	199,191
U.S. DEPARTMENT OF JUSTICE Various Agreements	NONE	8,875
NATIONAL SCIENCE FOUNDATION Various Agreements	NONE	587,604
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Various Agreements	NONE	246,203
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES Various Agreements - Fixed Price Contract	NONE	22,500
U.S. NUCLEAR REGULATORY COMMISSION Various Agreements - Fixed Price Contract	NONE	500
Subtotal University of New Orleans		<u>16,031,197</u>
UNIVERSITY OF SOUTHWESTERN LOUISIANA		
U.S. DEPARTMENT OF DEFENSE Procurement Technical Assistance for Business Firms	12.002	387,731
Basic and Applied Scientific Research	12.300	233,542
Various Agreements	NONE	13,725
Lafayette Commercial Properties in DBase III Plus Format - Fixed Price Contract	NONE	3,000
LAFAYETTE PARISH GOVERNMENT Job Training Partnership Act	17.250	54,142
NATIONAL SCIENCE FOUNDATION Computer and Information Science and Engineering	47.070	73,333
Social, Behavioral, and Economic Sciences	47.075	162,612
Various Agreements	NONE	172,670

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF SOUTHWESTERN LOUISIANA (CONT'D)		
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	\$5,000
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Water Quality Control Information System - Orientation/ Training Seminars, Data and Monitoring Publications	66.423	2,634
Construction Management Assistance	66.438	3,167
Environmental Education and Training Program	66.950	40,455
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	400,000
Special Education - Personnel Development and Parent Training	84.029	16,346
Higher Education - Institutional Aid	84.031	488,954
Federal Work-Study Program	84.033	785,980
Federal Perkins Loan Program - Federal Capital Contributions	84.038	74,384
Student Support Services	84.042	358,631
Talent Search	84.044	284,159
Upward Bound	84.047	582,001
Federal Pell Grant Program	84.063	9,511,934
Higher Education - Veterans Education Outreach Program	84.064	1,527
McNair Post-Baccalaureate Achievement	84.217	169,371
National Science Scholars	84.242	4,131
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Comparative Medicine Program	93.306	707,651
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	133,916
Various Agreements	NONE	397,445
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	115,091
Use of Microscopy Facilities - Fixed Price Contract	NONE	3,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	147,627
U.S. DEPARTMENT OF ENERGY		
Various Agreements	NONE	319

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF SOUTHWESTERN LOUISIANA (CONT'D)		
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	\$340,582
Fixed Price Contracts	NONE	63,385
PRIVATE GRANTS AND CONTRACTS		
Corporation of Public Broadcasting	NONE	79,631
Subtotal University of Southwestern Louisiana		<u>15,818,076</u>
REGIONAL MANAGEMENT CENTER 1, NEW ORLEANS		
CITY OF NEW ORLEANS		
Employment and Training Assistance - Dislocated Workers	17.246	202,701
JEFFERSON PARISH OFFICE OF MANPOWER		
Job Training Partnership Act	17.250	16,630
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	262
Subtotal Regional Management Center 1, New Orleans		<u>219,593</u>
REGIONAL MANAGEMENT CENTER 2, BATON ROUGE		
TANGIPAHOA PARISH SCHOOL BOARD		
Job Training Partnership Act	17.250	167,371
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	305
Subtotal Regional Management Center 2, Baton Rouge		<u>167,676</u>
REGIONAL MANAGEMENT CENTER 3, HOUMA		
ST. LANDRY PARISH POLICE JURY		
Job Training Partnership Act	17.250	9,515
TERREBONNE PARISH CONSORTIUM		
Job Training Partnership Act	17.250	24,566

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
REGIONAL MANAGEMENT CENTER 3, HOUMA (CONT'D)		
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	\$105
Subtotal Regional Management Center 3, Houma		<u>34,186</u>
REGIONAL MANAGEMENT CENTER 4, LAFAYETTE		
LAFAYETTE PARISH COUNCIL		
Lafayette Regional Technical Institute/JTPA	17.250	14,290
ST. LANDRY PARISH POLICE JURY		
Gulf Area Technical Institute/JTPA	17.250	86,443
T. H. Harris Technical Institute/JTPA	17.250	127,092
Evangeline Technical Institute/JTPA	17.250	97,277
Teche Area Technical Institute/JTPA	17.250	41,479
C. B. Coreil Technical Institute/JTPA	17.250	120,277
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	399
Subtotal Regional Management Center 4, Lafayette		<u>487,257</u>
REGIONAL MANAGEMENT CENTER 5, LAKE CHARLES		
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	294
Subtotal Regional Management Center 5, Lake Charles		<u>294</u>
REGIONAL MANAGEMENT CENTER 6, ALEXANDRIA		
U.S. DEPARTMENT OF EDUCATION		
Federal Pell Grant Program	84.063	703,573
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	959
Subtotal Regional Management Center 6, Alexandria		<u>704,532</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
REGIONAL MANAGEMENT CENTER 7, SHREVEPORT		
COORDINATING AND DEVELOPMENT CORPORATION - SHREVEPORT		
Region Center 7/JTPA	17.250	\$173,244
Northwest Louisiana Technical Institute	17.250	92,561
Ruston Technical Institute	17.250	63,723
Claiborne Technical Institute	17.250	38,004
Natchitoches Technical Institute	17.250	99,389
Mansfield Technical Institute	17.250	82,778
Sabine Valley Technical Institute	17.250	28,359
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	737
Subtotal Regional Management Center 7, Shreveport		<u>578,795</u>
REGIONAL MANAGEMENT CENTER 8, MONROE		
OUACHITA PARISH POLICE JURY		
Louisiana Technical College - Delta/Ouachita Campus - JTPA	17.250	21,129
PRIVATE INDUSTRY COUNCIL		
Older Worker Program - JTPA	17.250	26,275
UNION PARISH COMMUNITY ACTION		
Louisiana Technical College - North Central Area Campus - JTPA	17.250	26,224
Subtotal Regional Management Center 8, Monroe		<u>73,628</u>
MORGAN CITY HARBOR AND TERMINAL DISTRICT		
U.S. DEPARTMENT OF COMMERCE		
Economic Development - Grants for Public Works and Infrastructure Development	11.300	517,882
Subtotal Morgan City Harbor and Terminal District		<u>517,882</u>

(Continued)

See accompanying Notes to the Schedule of Federal Financial Assistance.

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
WEST JEFFERSON LEVEE DISTRICT		
FEDERAL EMERGENCY MANAGEMENT AGENCY Disaster Assistance	83.516	\$23,859
U.S. DEPARTMENT OF DEFENSE		
Mississippi River Levees, Gretna Levee Enlargement, I-Wall, and Concrete Slope Pavement, Phase IIA	NONE	<u>27,620</u>
Subtotal West Jefferson Levee District		<u>51,479</u>
TOTAL STATE OF LOUISIANA		<u><u>\$6,144,527,938</u></u>

(Concluded)

See accompanying Notes to the Schedule of Federal Financial Assistance.

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STATE OF LOUISIANA

Notes to the Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995**A. PURPOSE OF THE SCHEDULE**

Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, requires a schedule of federal financial assistance showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance and for other federal financial assistance that has not been assigned a catalog number. To comply with this requirement, the Executive Department, Division of Administration required each state agency, hospital, and university to prepare a schedule of federal financial assistance. These schedules were combined to form the Schedule of Federal Financial Assistance for the State of Louisiana.

B. REPORTING ENTITY

The accompanying Schedule of Federal Financial Assistance includes all federal financial assistance received directly from federal agencies, local governments, and other states that was disbursed, expended, or issued by the State of Louisiana during the year ended June 30, 1995. In addition, the schedule includes federal financial and other assistance provided by private organizations and establishments that certain agencies and universities disbursed or expended during the year then ended.

C. BASIS OF ACCOUNTING

The Financial Accountability and Control System of the State of Louisiana is not designed to accept detailed information on all individual federally assisted programs of the state and does not have the capacity to provide federal assistance expenditures for each program in accordance with generally accepted accounting principles. Therefore, except as explained in the following paragraphs, assistance activity presented in the Schedule of Federal Financial Assistance represents cash disbursements of the individual programs. Consequently, certain expenditures (activity) are recognized when paid rather than when obligations are incurred. Accordingly, the information presented in the schedule is not intended to present assistance program expenditures in conformity with generally accepted accounting principles.

Indirect Costs - Certain costs, such as those associated with budgeting, accounting, personnel administration, et cetera, benefit more than one program but are not readily assignable to the programs receiving the benefits. Some agencies, hospitals, and universities apply a federally approved indirect cost rate to direct program costs to recover a portion of these indirect costs from federal grants or contracts. Indirect costs charged to federal grants and contracts by means of approved indirect cost rates are recognized as disbursements or expenditures (activity) in the accompanying Schedule of Federal Financial Assistance.

STATE OF LOUISIANA**Notes to the Schedule of Federal Financial Assistance
(Continued)**

Department of Labor - Significant transactions of the Department of Labor are processed through the department's electronic data processing cost accounting system, which produces information on the modified accrual basis of accounting, rather than through the state's Financial Accountability and Control System. Therefore, the information presented in the Schedule of Federal Financial Assistance for the Department of Labor was derived from the department's cost accounting system and represents federal assistance activity on the modified accrual basis of accounting. Consequently, expenditures (activity) are recognized when the related liability is incurred.

Public Institutions of Higher Education - Except as explained in the following paragraph, federal assistance activity for the public institutions of higher education is presented on the modified accrual basis of accounting. Consequently, expenditures (activity) are recognized when the related liability is incurred.

Fixed Price Contracts - These contracts provide that a specified amount of funds will be paid upon delivery of a product, generally, a report on the results of a research study. As a result, the amount of federal assistance that may be expended under fixed price contracts is limited to the amount of funds received from the contracts, regardless of the amount of costs incurred to perform the contracts or the period in which those costs were incurred. Therefore, the information presented in the Schedule of Federal Financial Assistance for fixed price contracts represents federal funds received on the cash basis of accounting. Consequently, expenditures (activity) are recognized when the related asset is received and in the amount of the asset received, rather than when the obligation is incurred and in the amount of the obligation.

Deletions - Deletions (activity) of the Donation of Federal Surplus Personal Property Program are reported in the Schedule of Federal Financial Assistance at historical cost to the federal government when the property is issued to public agencies, nonprofit institutions, or agencies of other states; sold or destroyed; or put into use by the State of Louisiana.

Issues - Issues (activity) of the Food Stamp Program are reported in the Schedule of Federal Financial Assistance at the dollar value of the food stamp coupons when the coupons are issued to local governing authorities for distribution to food stamp recipients. Issues (activity) of the commodities program are reported in the Schedule of Federal Financial Assistance at the federally assigned value of the commodities when they are issued to public and private school systems and nonprofit organizations.

**D. TRANSFERS OF FEDERAL FUNDS AMONG STATE
AGENCIES, HOSPITALS, AND UNIVERSITIES**

The accompanying Schedule of Federal Financial Assistance presents activity for the state agencies, including hospitals and universities, that initially received the assistance. In some instances, assistance received by one agency is transferred to a subrecipient state agency to

STATE OF LOUISIANA**Notes to the Schedule of Federal Financial Assistance**

(Continued)

be expended for the original program or, when allowed by the original program, to be expended for other federal programs. In those instances, assistance activity is reflected for the agency that initially received the assistance from a federal, local, or other state government.

E. FEDERAL FAMILY EDUCATION LOANS

The Office of Student Financial Assistance (OSFA) guarantees 100 percent of the loans made to students under the Federal Family Education Loans Program (CFDA 84.032). The federal government reimburses the OSFA a percentage of the principal on certain defaulted loans, and when defaulted loans are collected, the OSFA returns a percentage of the amount collected to the federal government. During the year ended June 30, 1995, the OSFA paid lending institutions \$21,647,595 for defaulted student loans, and the average federal participation in these default payments was 99.9 percent. New loans made to students during the year ended June 30, 1995, which are guaranteed by the OSFA, amounted to \$138,778,006. As of June 30, 1995, the outstanding balance of all loans made under the Federal Family Education Loans Program guaranteed by the OSFA amounted to \$751,630,839.

F. HEALTH EDUCATION ASSISTANCE LOANS

Certain lending institutions make loans under the Health Education Assistance Loans Program (CFDA 93.108) to graduate students who are enrolled in eligible health profession educational programs. The loans are insured by the federal government, which pays lenders the amount of losses incurred when borrowers default on the loan payments. During the year ended June 30, 1995, loans totaling \$19,772 were made to students at Louisiana State University Medical Center (New Orleans).

G. PETROLEUM VIOLATION ESCROW FUNDS

Petroleum Violation Escrow Funds are monies that were provided to the state by the U.S. Department of Energy (DOE). These distributions were the result of legislative, administrative, and judicial actions involving violations of DOE's price and allocation controls in effect from August 1973 through January 1981. These controls applied to the allocation and pricing of crude oil and refined petroleum products. The funds include Warner Amendment funds, Exxon funds, and Multi-District Litigation (M.D.L.) Number 378 "Stripper Well" funds and are sometimes referred to as Federal Energy Settlement Funds. Court orders and consent decrees relative to the lawsuits that resulted in these distributions imposed restrictions on the way the state can administer and use these monies.

STATE OF LOUISIANA

Notes to the Schedule of Federal Financial Assistance
(Continued)**H. NURSING STUDENT LOANS AND HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS**

Public institutions of higher education receive federal capital contributions under the Nursing Student Loans Program (CFDA 93.364) and the Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students Program (CFDA 93.342) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under these programs as of June 30, 1995, are presented in the following schedule. The amount of Nursing Student Loans outstanding as of June 30, 1995 for Louisiana State University (LSU) at Alexandria is included in the amount presented for LSU in Eunice.

<u>Hospital/University</u>	<u>Nursing Student Loans</u>		<u>Health Professions Student Loans</u>	
	<u>Loans Made During the Year Ended June 30, 1995</u>	<u>Outstanding Balance June 30, 1995</u>	<u>Loans Made During the Year Ended June 30, 1995</u>	<u>Outstanding Balance June 30, 1995</u>
Charity Hospital and Medical Center of Louisiana at New Orleans		\$98,246		
Grambling State University	\$34,410	329,311		
LSU and A & M College - Baton Rouge				\$19,227
LSU in Eunice		8,156		
LSU Medical Center - New Orleans	97,200	521,673	\$791,118	5,399,662
LSU Medical Center - Shreveport			146,118	805,606
Nicholls State University		9,427		
Northeast Louisiana University		93,534	192,657	1,084,131
Northwestern State University		251,272		
Southeastern Louisiana University		56,495		
University of Southwestern Louisiana	18,084	253,966		
Total	\$149,694	\$1,622,080	\$1,129,893	\$7,308,626

I. FEDERAL PERKINS LOAN PROGRAM - FEDERAL CAPITAL CONTRIBUTIONS

Public institutions of higher education receive federal capital contributions under the Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under this program as of June 30, 1995, are presented in the following schedule.

STATE OF LOUISIANA

Notes to the Schedule of Federal Financial Assistance
(Continued)

<u>University</u>	<u>Perkins Loans</u>	
	<u>Loans Made During the Year Ended June 30, 1995</u>	<u>Outstanding Balance June 30, 1995</u>
Delgado Community College		\$21,521
Grambling State University	\$108,917	1,882,987
LSU and A & M College - Baton Rouge	1,705,045	10,739,054
LSU in Eunice	77,734	381,287
LSU Medical Center - New Orleans	425,195	1,917,252
LSU Medical Center - Shreveport	162,655	820,958
Louisiana Tech University	1,242,007	6,433,427
McNeese State University	328,409	1,766,386
Nicholls State University	16,547	68,884
Northeast Louisiana University	682,734	3,879,884
Northwestern State University	460,750	2,257,149
Southeastern Louisiana University	90,654	1,895,489
Southern University - Baton Rouge		2,517,216
Southern University - New Orleans		85,089
Southern University - Shreveport-Bossier City	46,288	725,958
University of New Orleans	677,534	4,221,270
University of Southwestern Louisiana	1,774,713	8,460,880
Total	\$7,799,182	\$48,074,691

J. FEDERAL PERKINS LOAN CANCELLATIONS

Students who received National Defense or Perkins Loans may have a portion or all of their loan balance cancelled if they meet certain military or teacher service requirements. Under the Federal Perkins Loan Cancellations Program (CFDA 84.037), the federal government restores the total amount of cancelled principal and interest to the universities' loan funds. The amounts cancelled under this program during the year ended June 30, 1995, are presented in the following schedule.

STATE OF LOUISIANA

Notes to the Schedule of Federal Financial Assistance
(Continued)

<u>University</u>	<u>Principal and Interest Cancelled</u>
Delgado Community College	\$62,503
Grambling State University	4,001
LSU and A & M College - Baton Rouge	41,695
LSU in Eunice	4,824
Louisiana Tech University	36,787
McNeese State University	81,232
Nicholls State University	2,510
Northeast Louisiana University	95,249
Northwestern State University	61,227
Southeastern Louisiana University	41,480
University of New Orleans	18,531
University of Southwestern Louisiana	129,765
Total	<u><u>\$579,804</u></u>

K. COLLEGE HOUSING AND ACADEMIC
FACILITIES LOANS

Public institutions of higher education receive loans from the federal government under the College Housing and Academic Facilities Loans Program (CFDA 84.142). These funds may be used to finance the construction, acquisition, and rehabilitation of student and faculty housing and related dining facilities or to finance the renovation or reconstruction of older undergraduate academic facilities. The outstanding balances of loans made under this program as of June 30, 1995, are presented in the following schedule.

<u>University</u>	<u>Outstanding Balance June 30, 1995</u>
Delgado Community College	\$470,000
Grambling State University	3,650,000
Louisiana Tech University	291,000
LSU and A & M College - Baton Rouge	6,280,000
LSU Medical Center - New Orleans	870,000
McNeese State University	582,000
Nicholls State University	177,000
Northeast Louisiana University	833,000
Southeastern Louisiana University	537,000
Southern University - Baton Rouge	360,000
University of New Orleans	322,000
Total	<u><u>\$14,372,000</u></u>

STATE OF LOUISIANA**Notes to the Schedule of Federal Financial Assistance
(Continued)****L. DEPARTMENT OF EDUCATION - HOUSING
ACT OF 1950 "TITLE IV" LOAN**

The University of Louisiana System Board of Trustees for State Colleges and Universities has signed a loan agreement, on behalf of Grambling State University, with the U.S. Secretary of Education for \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3 percent per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 1995, the outstanding loan balance is \$3,389,224. Payments totaling \$74,399 were made during the year.

**M. SPECIAL SUPPLEMENTAL FOOD
PROGRAM FOR WOMEN, INFANTS,
AND CHILDREN (WIC PROGRAM)**

During the fiscal year ended June 30, 1995, the Office of Public Health received cash rebates from infant formula manufacturers, for \$22,339,182, on sales of formula to participants in the WIC Program (CFDA 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the Office of Public Health to extend program benefits to 468,229 more persons than could have been served this fiscal year in the absence of the rebate contract.

**N. MAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAMS**

The State of Louisiana's major federal financial assistance programs for the year ended June 30, 1995, were determined based on program activity, as described in note C (page A-60) and the outstanding loan balances as of and for the year ended June 30, 1994. The state's major federal financial assistance programs for the year ended June 30, 1995, were all federally assisted programs for which program activity was equal to or greater than \$19 million during the year ended June 30, 1994, and all federally assisted loan programs for which the federal government's risk in the outstanding loan balances as of June 30, 1994, was equal to or greater than \$19 million, except as follows. Based on an assessment of risk, and a discussion with the federal cognizant agency, the Social Security - Disability Insurance Program (CFDA 96.001) with 1994 disbursements of \$30,889,529 (formerly CFDA 93.802) was not tested as a major program, but the Low-Income Home Energy Assistance Program (CFDA 93.568) with 1994 disbursements of \$15,020,411 was tested as a major program. The major programs are as follows:

STATE OF LOUISIANA

Notes to the Schedule of Federal Financial Assistance

(Concluded)

<u>CFDA Number</u>	<u>Program Name</u>
10.550	Food Distribution
10.551	Food Stamps
10.553	School Breakfast Program
10.555	National School Lunch Program
10.557	Special Supplemental Food Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.561	State Administrative Matching Grants for Food Stamp Program
14.228	Community Development Block Grants/State's Program
17.225	Unemployment Insurance
17.250	Job Training Partnership Act
20.205	Highway Planning and Construction
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education - Grants to States
84.032	Federal Family Education Loans
84.038	Federal Perkins Loan Program - Federal Capital Contributions
84.048	Vocational Education - Basic Grants to States
84.063	Federal Pell Grant Program
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
93.560	Family Support Payments to States - Assistance Payments
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Appendix B

Management's Responses to the Findings and Recommendations



LEGISLATIVE AUDITOR

Appendix B

STATE OF LOUISIANA

Management's Responses to the
Findings and Recommendations

	Page No.
Agriculture and Forestry, Department of.....	B-4
Charity Hospital and Medical Center of Louisiana at New Orleans.....	B-6
Crescent City Connection Division.....	B-9
Delgado Community College	B-10
Earl K. Long Medical Center	B-11
Education, Department of	B-13
Executive Department.....	B-19
Executive Department - Statewide Findings	B-213
Fifth Louisiana Levee District.....	B-28
Grambling State University	B-29
Health and Hospitals, Department of	B-36
Labor, Department of	B-54
Leonard J. Chabert Medical Center	B-56
Lieutenant Governor, Office of the.....	B-59
Louisiana Auctioneers Licensing Board.....	B-61
Louisiana Board of Examiners for Speech Pathology and Audiology	B-62
Louisiana Educational Television Authority	B-63
Louisiana Housing Finance Agency.....	B-67
Louisiana Special Education Center	B-69

STATE OF LOUISIANA
Management's Responses to the
Findings and Recommendations
(Continued)

	Page No.
Louisiana State Board of Examiners in Dietetics and Nutrition.....	B-70
Louisiana State Board of Medical Examiners	B-71
Louisiana State Board of Wholesale Drug Distributors.....	B-73
Louisiana State University System:	
Louisiana State University at Eunice	B-78
Louisiana State University Medical Center in New Orleans.....	B-81
Louisiana State University Medical Center in Shreveport.....	B-85
University of New Orleans	B-86
Natural Resources, Department of	B-93
Nicholls State University	B-95
Northeast Louisiana University	B-101
Northwestern State University	B-103
Orleans Levee District.....	B-107
Peltier-Lawless Developmental Center	B-126
Pinecrest Developmental Center	B-127
Public Health, Office of	B-129
Public Safety and Corrections, Department of, Corrections Services.....	B-133
Public Safety and Corrections, Department of, Public Safety Services	B-135

STATE OF LOUISIANA

Management's Responses to the
Findings and Recommendations
(Concluded)

	Page No.
Public Safety and Corrections, Department of, Public Safety Services - Riverboat Gaming Division	B-138
Regional Management Center 8, Monroe	B-140
Risk Management, Office of.....	B-146
Social Services, Department of.....	B-149
South Tangipahoa Parish Port Commission	B-167
Southern University System:	B-168
Southern University - Baton Rouge Campus	B-171
Southern University - New Orleans Campus	B-179
Southern University - Shreveport-Bossier City Campus	B-193
State Employees Group Benefits Program	B-201
State Plumbing Board of Louisiana.....	B-207
Transportation and Development, Department of.....	B-208
University Hospital	B-210
University of Southwestern Louisiana.....	B-212



Louisiana Department of Agriculture & Forestry

Office of Management and Finance

P.O. Box 94002, Capitol Station

Baton Rouge, Louisiana

70804-9002



BOB ODOM
COMMISSIONER

RICHARD ALLEN
ASSISTANT COMMISSIONER

April 24, 1995

Dr. Daniel G. Kyle
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Enclosed are our comments on the findings from your office's recent audits of the Louisiana Department of Agriculture and Forestry.

If I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

Richard Allen
Assistant Commissioner

RA:sw

Enclosures

Timely Submission of Federal Financial Reports

The department acknowledges that the reports mentioned in this finding were submitted late and will strive to meet all reporting deadlines in the future.

December 18, 1995

Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Additional Information on Audit Responses

Dear Dr. Kyle:

I have reviewed the preliminary draft of the Audit Report for the Charity Hospital Campus as of June 30, 1995 and would like to provide the following additional information for your consideration and inclusion in the Audit Report.

PATIENT CHARGES

Findings:

1. Several medical records requested by the auditors were not located during the audit.
2. Several bills tested were not finalized within 30 days of discharge.
3. All bills reviewed showed some discrepancies between billed charges and the medical record description of services.

Resolution:

The Hospital agrees that systems and controls should be in place to maximize the Hospital's revenue generation.

The information reflecting that eight of the 24 patient medical records could not be located may be misinterpreted by readers of the report. I want to emphasize that these records were not lost but the information supplied to the Medical Records Department in requesting the records was incomplete or misleading, making record retrieval difficult or impossible. I recommend that the auditors make requests directly to the Director of Medical Records in the future to ensure proper communications.

The criteria being used by the auditors in evaluating timeliness in billing and accuracy of charges may not be achievable by a large public hospital such as the Medical Center of Louisiana. These billing performance targets are being reviewed by an LHCA task force to establish new billing policies for the Louisiana Health Care Authority. Please have your auditors revise their audit programs in the future to include these new policies and performance targets.

PHARMACY PERPETUAL INVENTORY

Finding:

The balance in the perpetual inventory system for the Pharmacy did not reflect all of the inventory counted at year end. Transactions were not recorded timely in the perpetual system, particularly receipts, causing the perpetual balance to be significantly understated.

Resolution:

The Hospital agrees that the perpetual inventory system should be an accurate reflection of pharmacy inventory at all times. In order to remedy this problem, the Hospital has installed a new on-line real-time inventory control system, reorganized the Pharmacy stock area, revised Pharmacy inventory management procedures, and instituted continuous cycle counts of inventory to ensure accuracy.

WAREHOUSE PHYSICAL INVENTORY

Finding:

The observation and test count of inventory in the central warehouse revealed a high error rate on the counts. The auditors felt that the error rate related to:

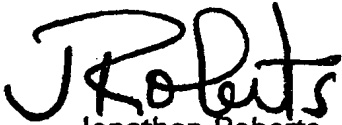
1. The inventory being taken during work hours rather than the weekend.
2. Some of the inventory was counted by contract staff not regularly supervised by the warehouse manager.
3. The warehouse included items belonging to University Hospital placed there in May after the University Hospital warehouse was made unusable by a major flood.

Daniel G. Kyle, Ph.D., CPA
1994-95 Legislative Audit Additional Information
December 18, 1995
Page 3

Resolution:

The Hospital recognizes the need for accurate year-end supply inventory balances for financial reporting and control purposes. The warehouse manager has been reprimanded for not following the inventory instructions provided to him by the Director of Materials Management and the Chief Financial Officer. As a further control, the warehouse has been reorganized to include numbered bin locations for all supplies. A new on-line real-time inventory management system has been installed which includes the warehouse bin locations. A complete count of warehouse stock was taken as part of the installation of the new computer system. The inventory control procedures have been revised to include continuous cycle counts of all items to insure accurate perpetual inventory balances at all times during the year.

Sincerely,



Jonathan Roberts, Dr. P.H.
Chief Executive Officer

JR/JCS/esc

cc: William Cherry, MD
Don Elbourne
Art Landry
Joel Sellers, CPA



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

April 21, 1995

JUDE W. P. PATIN
SECRETARY

Mr. Daniel G. Kyle, CPA, CFE
Secretary, Legislative Audit
Advisory Council
Post Office Box 44272
Baton Rouge, Louisiana 70808-4272

Dear Mr. Kyle:

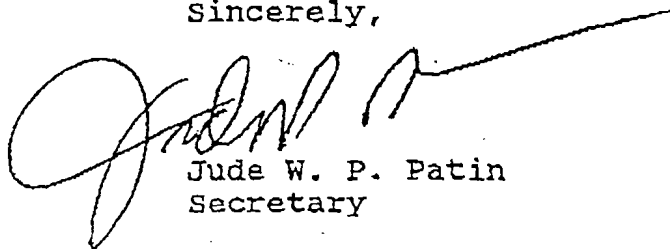
This is in response to your recent letter, concerning the financial statements of the Crescent City Connection Division.

Please be advised that we have completed the following actions:

Interest Fund: Steps have been taken to ensure that the Interest Fund contains sufficient funds to equal the interest accruing on the outstanding bonds during the current year.

If I can be of further assistance, please contact me or Mr. Alan J. LeVasseur, (504) 364-8100.

Sincerely,



Jude W. P. Patin
Secretary

OFFICE OF THE PRESIDENT

501 City Park Avenue
New Orleans, Louisiana 70119-4399
(504) 483-4085
FAX (504) 483-4386

October 31, 1995

Dr. Daniel G. Kyle
Xerox Building, Suite 260
2400 Veterans Memorial Blvd.
Kenner, LA 70062

Dear Dr. Kyle:

With regard to the audit report on Entrance and Exit Counseling, please find listed our response to the finding of that review.

Entrance Counseling Response:

Students I and II attended Video Entrance counseling on October 7, and October 14, 1994, respectively. However, documentation of entrance counseling for the two students was not placed in the students' files on a timely basis because video counseling information is maintained in a separate location from the financial aid files. In addition, the filing of the massive number of documents for Title IV Financial Aid recipients is a challenge for a staff of our size.

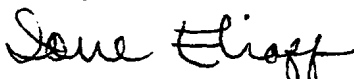
Delgado will maintain Video Entrance counseling documentation in the students file instead of a separate location. Also, additional staffing for filing will be obtained.

Exit Counseling Response:

Two students received student loans in the Fall 1994 semester, but did not return to Delgado for the Spring 1995 semester. Upon arrival of the students' Spring 1995 second disbursements, the loan checks were returned, and exit packets mailed. Repeated efforts to locate the students were unsuccessful. Documentation of undeliverable mail was not maintained. This oversight occurred because it happened during a very busy registration period.

Delgado will maintain documentation of all exit material mailed to students and all undeliverable exit material returned to Delgado Community College.

Sincerely,



IONE H. ELIOFF, Ed.D.

President

cc: Mr. Stephen Martin
Mr. Jimmy Eagan
Ms. Sandra W. Spraglin

A Comprehensive Community College

November 2, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

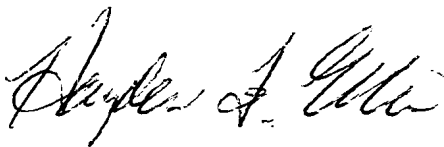
RE: Official Response to FY 1995 Reportable Audit Findings

Dear Dr. Kyle:

Enclosed with this correspondence please find the referenced responses for Earl K. Long Medical Center.

Please feel free to contact me at 358-1002 should you require any further documentation of this matter.

Sincerely,



Hayden F. Ellis
Chief Financial Officer

Enclosure

c: Art Landry, Comptroller
LHCA Administration

EARL K. LONG MEDICAL CENTER

OFFICIAL RESPONSE TO REPORTABLE AUDIT FINDING

PATIENT BILLING : (FY 1994-95)

1. Earl K. Long concurs with this finding.

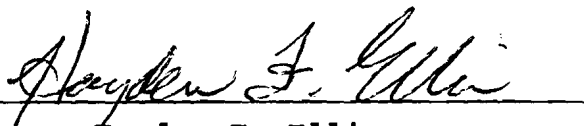
The Patient Accounting Department was instructed prior to the filing of this finding to establish a system of checks and balances relative to adjustments to patient accounts and supervisory review of adjustment reports. It is agreed this system must be in place to insure the integrity of adjustments.

The Admissions & Screening Department has started work on development of procedures relative to changes in patient financial class made in the Department. A proposed process is to have all financial class changes reviewed/approved by an Admitting Supervisor.

No plans are being considered to pre-number charge slips. The matter has been discussed in the past with LHCA Administration and it was determined the cost outweighed benefit. With multiple departments using many different kinds of charge capture documents, it is nearly impossible to logistically use a number scheme as a check and balance to charge input.

As stated in the finding **Transfer To Bad Debt**, significant efforts have been implemented to correct the timeliness of charge capture. FY 1995-96 total charge capture is forecast to exceed that of FY 1994-95 by over 20 million dollars.

BY :



Hayden F. Ellis
Chief Financial Officer



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

January 9, 1996

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

The Department of Education concurs with the finding related to Special Education - Grants to States (CFDA 84.027) administrative costs during the fiscal year 1994-95 but maintains interpretation of IDEA Part B law and regulations allows for compliance.

The Office of Special Education Services (OSES) has determined a portion of the expenditures charged to administrative costs was, in fact, eligible to be charged to the 20% part of the State's allocation, in addition to the 5% administrative costs. The OSES will implement procedures to insure such costs are properly allocated beginning with this fiscal year.

In addition, the OSES has contacted the United State Office of Special Education and Rehabilitative Services to further clarify the issue.

Should you have any questions concerning this response, please contact me at your earliest convenience.

Sincerely,

Handwritten signature of Marilyn J. Langley in cursive.

Marlyn J. Langley
Deputy Superintendent
Office of Management and Finance

Approved:

Handwritten signature of Raymond G. Arveson in cursive.

Raymond G. Arveson
State Superintendent of Education

MJL:DJGJr:djgjr



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

December 19, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

The Department of Education concurs with the finding related to the failure to ensure resolution of subrecipient audit findings during the fiscal year 1994-95.

The Department's recently established Bureau of Internal Audit is now responsible for tracking resolution of subrecipient audit findings. The Bureau has developed procedures to ensure appropriate corrective action will occur in the future. The Bureau will also follow-up the one instance noted in your finding to ensure appropriate corrective action occurs.

Should you have any questions concerning this response, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marilyn J. Langley".

Marilyn J. Langley
Deputy Superintendent
Office of Management and Finance

Approved:

A handwritten signature in cursive script that reads "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL:DJGJr:djgjr



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

January 19, 1996

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

The Department of Education concurs with the finding related to the Department's failure to comply with the Cash Management Improvement Act (CMIA) agreement during the fiscal year 1994-95.

As a result of a review undertaken to identify and address the weaknesses noted in the finding, the Department's Bureau of Accounting has implemented procedures to ensure the accurate and timely reporting and receipt of federal funds. In addition, the Bureau of Accounting has also developed procedures to ensure the timely deposit of other funds.

Should you have any questions concerning this response, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marlyn J. Langley".

Marlyn J. Langley
Deputy Superintendent
Office of Management and Finance

Approved:

A handwritten signature in cursive script that reads "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL:DJGJr:djjr



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

February 2, 1996

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Department of Education concurs with the finding related to the Child Care and Development Block Grant (CFDA 93.575).

The Department is in the process of conducting an internal audit of this program. At the conclusion of our audit, you will be provided with a copy of our findings, response and corrective actions on all Legislative audit findings. The Department will take appropriate action to correct findings related to this program.

Should you have any questions, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marlyn J. Langley".

Marlyn J. Langley
Deputy Superintendent
Management and Finance

Approved:

A handwritten signature in cursive script that reads "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL:DJGJr:cjd



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

October 27, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

The Department concurs with the Professional Improvement Program (PIP) finding of your staff. The following corrective action will be taken to address and correct the weaknesses noted in the finding.

Beginning in the 1995-96 fiscal year, deposits will be made on a weekly basis, except for those weeks during which no payments are received. In addition, the PIP secretary will open mail and post receipt of checks in the individual's file after which the checks will be given to the accountant for processing in PIP records and forwarding to Accounting for deposit.

Should you have any questions concerning this response, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marilyn J. Langley".

Marilyn J. Langley
Deputy Superintendent
Office of Management and Finance

Approved:

A handwritten signature in cursive script that reads "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL:DJGJr:djgjr



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

December 29, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Department of Education concurs with the exit conference comment related to the National Public Education Financial Survey.

The Department's Bureau of Educational Finance Services will institute procedures to prepare the National Public Education Financial Survey based on appropriate FACS reports. A corrected Survey will be prepared and submitted to the U. S. Department of Education for fiscal year 1993-94. In addition, the Department will seek a clarification from the U. S. Department of Education on the instructions for calculation of the total Chapter 1 and Chapter 2 expenditures to be excluded from the survey.

Should you have any questions concerning this response, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marlyn J. Langley".

Marlyn J. Langley
Deputy Superintendent
Office of Management and Finance

Approved:

A handwritten signature in cursive script that reads "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL:JB:bs



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

January 3, 1996

Dr. Daniel Kyle
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70803-9397

Dear Dr. Kyle:

Please find herein our response to your finding related to the Single Audit of the State of Louisiana for the year ended June 30, 1995. We understand the finding and that the response will be included in the Single Audit Report for the State of Louisiana for the year ended June 30, 1995.

COMPILATION OF STATE'S FINANCIAL STATEMENTS:

For the third consecutive year, the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP), instructed agencies that use the statewide accounting system (FACS) to record only "material" adjustments to system generated reports, based on a sliding materiality scale, to compile their annual fiscal reports (AFRs). The system generated reports and adjusted amounts as disclosed in the AFRs are the basis for the compilation of the state's Comprehensive Annual Financial Report (CAFR). However, management should seek to produce financial statements that are as precise as possible, regardless of the materiality of adjustments. By using the concept of materiality, an auditing concept, in the compilation of the AFRs, the OSRAP is increasing the likelihood that the state's financial statements will contain material errors and will not be fairly presented in accordance with generally accepted accounting principles.

The OSRAP should instruct FACS agencies to post all known adjustments to the computer generated reports to reduce the likelihood that the state's financial statements will contain material misstatements.

MANAGEMENT'S RESPONSE:

We do not concur with the finding. It should be noted that in the three years that this finding has been recorded, no "material misstatements" due to the inclusion of the sliding materiality scale have specifically been brought to the attention of the OSRAP. Because of this and the facts discussed below, the Division of Administration feels strongly that this finding should be withdrawn.

B-19

Dr. Daniel Kyle
January 3, 1996
Page 2

Louisiana, like most of her sister states, has witnessed the tremendous expansion of state government during the past several decades. To provide the internal and external reporting required by the federal government, legislative requirements, bond rating houses, citizens, and many others, states, as well as private industry, have had to turn to computers to achieve the reporting capabilities within the required time frames. The CAFR is a premier example of a project, formerly completely manually, which has benefitted from the computer conversion. We agree with the statement made in the audit findings that "system generated reports and adjusted amounts as disclosed in the AFRs are the basis for the ... (CAFR)." For this reason, agencies are told to make adjustments for material differences. OSRAP audits AFRs to ascertain variances from FACS. Material differences are noted and the system reports adjusted. Should we require that agencies make all adjustments, regardless of materiality, the very concept of computer generated reports is endangered. Posting all differences can be accomplished in our computerized accounting system; however, the few days to do the posting is far from the total time involved. As we reconcile to the system accounts, both the OSRAP and the Legislative Auditor would be trapped in a cycle of tracing immaterial amounts. This tracking would continue into the following year if payables and receivables are involved. Additionally, time spent by the OSRAP in auditing the AFRs would increase substantially. Per Financial Accounting Standards Board (FASB) Statement of Concepts (CON2), "The omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item. **Financial information will not be desired unless its benefits exceed its costs.**" (*Emphasis added.*)

OSRAP is using a sliding scale materiality table copied from that used by a "Big Six" accounting firm. It is restrictive. For example, on a \$5,000,000 appropriation, the cut off for the materiality factor is \$75,000. Additionally, the following language was added: "... in deciding if adjustments should be made, you should use the aggregate amount of all adjustments. For example, if you have \$300,000 in expenditures with five adjustments totaling \$15,000 or more, you should take the adjustment. Each adjustment does not stand on its own." Furthermore, the instructions include the following statement: "Materiality factors are designed as an aid in completing this AFR. The Legislative Auditor, in fulfilling their legislative mandate, will still require information on all adjustments whether reflected on the financial statements or not."

As part of the audit procedures, the auditor at the agency

Dr. Daniel Kyle
January 3, 1996
Page 3

issues a Standard Test Result (STR). Used by the auditors on the CAFR audit, adjustments not reported on the agency AFRs are accumulated by the CAFR audit team. As all major agencies are covered and all material adjustments discovered by the auditor are reflected on the CAFR, we fail to see how the state's financial reports can be misstated.

Quoting from the finding, "The OSRAP should instruct FACS agencies to post all known adjustments to the computer generated financial reports... ." Last year, as part of the Additional Comments, number five stated that "many of the state's largest agencies and component units are not on FACS, which is maintained on a statutory basis of accounting, and the AFR is often the basis for those amounts in the CAFR." OSRAP agrees with the Additional Comments. As these large agencies and component units are NONFACS, the materiality scale does not apply for their expenditures and they report what their agency books reflect. Therefore, the Additional Comments from last year strengthens the position of the OSRAP.

Quoting from the finding, "However, management should seek to produce financial statements that are as precise as possible" The Governmental Accounting Standards Board (GASB) issued the GASB Statement of Concepts 1 addressing the objectives of financial reporting which states:

Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent. Nothing material should be omitted from the information necessary to faithfully represent the underlying events and conditions, nor should anything be included that would cause the information to be misleading. Reliability does not imply **precision** or certainty. (*Emphasis added.*)

Quoting from the finding, "By using the concept of materiality, an auditing concept" Nothing could be found in the literature seems to suggest that materiality is exclusively an auditing concept. Certainly, the concept is used by the auditors to allow them to express an opinion on "the financial statements taken as a whole." However, materiality is also a matter of professional judgment. Every GASB pronouncement published has the statement that "The provisions of this statement need not be applied to immaterial items." The statement does not specify that this determination is solely the responsibility of the auditors. Rather materiality is an accounting concept. We, the preparer, are concerned with materiality at the agency and account level. Per the *Codification of Statements on Auditing Standards*,

Dr. Daniel Kyle
January 3, 1996
Page 4

AU Section 312.04, "Financial statements are materially misstated when they contain misstatements whose effect, individually or in the aggregate, is important enough to cause them not to be presented fairly, in all material respects, in conformity with generally accepted accounting principles." Section 312.03 states "The phrase 'present fairly, in all material respects, in conformity with generally accepted accounting principles' indicates the auditor's belief that the financial statements taken as a whole are not materially misstated." Section 312.31 states "If the auditor concludes, based on his accumulation of sufficient evidential matter, that the aggregation of likely misstatements causes the financial statements to be materially misstated, he should request management to eliminate the material misstatement."

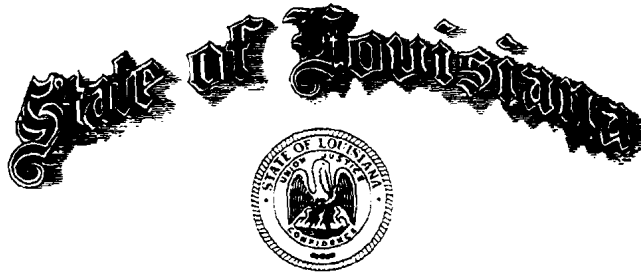
The Division of Administration is in complete agreement that the statements should present fairly, in all respects, the financial position of the State of Louisiana. To do less would be unconscionable. As professional judgment was used in the application of the materiality and costs/benefits concepts in accordance with generally accepted accounting principles to faithfully represent the underlying events and conditions of the state, the Division fails to see how the financial statements may have been, have been, or will be misstated.

Sincerely,



Raymond J. Laborde
Commissioner of Administration

RJL/WJK/fhk



**PATIENTS' COMPENSATION FUND
OVERSIGHT BOARD
OFFICE OF THE EXECUTIVE DIRECTOR
200 LAFAYETTE STREET, # 600
BATON ROUGE, LA 70801
(504) 342-6052**

Dr. Daniel Kyle
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

September 13, 1995

RE: Legislative Audit Finding: Non-Compliance with Fund Balance Requirement

Dear Sir:

The Board concurs that the Fund is still below the statutory surplus requirements. As was noted in our previous responses, we have been attempting to gradually correct this long-standing problem by increased surcharge rates and allocating increasing amounts into surplus annually. While we are still far short of what we need, we have made significant progress from last year: our balance at 6-30-94 was approximately \$39 million; at 6-30-95 (in line with my projections contained in last year's response) we had more than \$58 million, a one-year improvement of \$19 million. We have recommended increasing rates this year by a further 15%, and anticipate that our balance next year will approach \$70 million.

I hope this data is useful. Please let me know if you need anything else.

Yours truly,

A handwritten signature in cursive script that reads "Suanne Grosskopf".

Suanne Grosskopf
Executive Director



State of Louisiana
DIVISION OF ADMINISTRATION
FACILITY PLANNING AND CONTROL
November 9, 1995

EDWIN W. EDWARDS
GOVERNOR

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

Dr. Daniel G. Kyle, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Executive Department Audit
FY Ending June 30, 1995
Office of Facility Planning


Dear Dr. Kyle:

With reference to your audit findings, please note below our response.

- Receipts-** Reception area will log in checks upon receipt. Fiscal Officer would compare the log monthly to the Facs report-Agency Cash Receipts and Classification.
- Disbursements-** Data entry employee will verify that appropriate approvals are on payment document.
The employee that reviews the pay request verifies the supporting documentation.
- Vendor Files-** Senior employee will approve changes to vendor files.
- Check Register-** Employee is now comparing FACS check register to checks received. Under ISIS this will not be possible since agency will not receive checks.
- Other Transactions-** Senior employee will approve establishment and changes to contracts on the system.

We feel we have a good internal control system considering the number of employees in our section and the volume of work this office handles. We are trying to comply with your request as much as possible without affecting the services provided by the Office of Facility Planning.

Sincerely,


C. Roy Brown
Fiscal Officer

cc: Mr. Roger Magendie
Ms. Lynn Futch

B-24

P.O. BOX 94095 • STATE CAPITOL ANNEX • BATON ROUGE, LA 70804-9095

(504)342-0820 • LINC 421-0820 • FAX(504)342-7624

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EDWIN W. EDWARDS
GOVERNOR

State of Louisiana

OFFICE OF THE GOVERNOR

Baton Rouge

70804-9004

POST OFFICE BOX 94004
(504) 342-7015

November 16, 1995

Dr. Dan G. Kyle, C.P.A.
Legislative Audit Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

#1. The Office of Rural Development did award grant monies during the 1994-1995 grant year to three non-rural parishes. The Law does read that any parish with a population of over 100,000 cannot permit their Police Jury to receive funds from the Office of Rural Development, however, in all three cases, those funds went to projects in rural areas that had no other unit of government through which they could apply. No grants of this nature have been funded since 94-95, nor will there be any until such time as the Law is changed. I understand steps are being taken at this time to write legislation to correct this matter.

#2. The Office of Rural Development did not adopt regulations and rules in accordance with the Louisiana Administrative Code and thus no rules have ever been printed in the State Register. The emergency rule that was adopted on September 20, 1991 was allowed to expire after 120 days and this oversight has now been corrected. All necessary steps have been taken to have the rules and regulations printed and that process will begin with the December issue of the Register when the Notice of Intent will appear. A Policy and Procedures Manual is also available to the public.

#3. The Field Coordinators and Rural Development staff have been advised that the grant monitoring procedures require a more detailed system of documentation. Steps have been taken to correct this immediately and all personnel have been so advised.

Thank you for your cooperation and assistance in this matter.

Cordially,

Ben Jeffers, Chief of Staff
Office of the Governor



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 8, 1995

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In connection with the audit of the Executive Department, Louisiana Federal Property Assistance Agency, for the fiscal year ending June 30, 1995, by the Office of the Legislative Auditor, we concur with your audit finding and recommendation regarding Subrecipient Monitoring and Audit Resolution.

We will develop a system to insure that subrecipients who receive \$25,000 or more federal property annually from the program are audited and reports are received for resolution in a timely manner. This system will be implemented during the current fiscal year.

Please contact me if there are any questions regarding the above.

Sincerely,

A handwritten signature in cursive script, reading "Jack V. Liuzza".

Jack V. Liuzza
Acting Director

JL:ph



Edwin W. Edwards
Governor

State of Louisiana
OFFICE OF THE GOVERNOR
Louisiana Commission on Law Enforcement
and Administration of Criminal Justice

Michael A. Ranatza
Executive Director

September 11, 1995

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
1600 Riverside North
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Louisiana Commission on Law Enforcement concurs with your audit recommendation regarding time distribution records.

The Louisiana Commission on Law Enforcement met with the Comptroller of the Office of Justice Programs, U.S. Department of Justice for guidance on complying with the recommendation of the finding of the Legislative Auditor. A plan of action is being put into place, and the Comptroller has agreed to provide continued guidance while the Commission is putting its plan into action.

Sincerely,

Michael A. Ranatza
Executive Director

B-27

1885 WOODDALE BLVD., ROOM 708
BATON ROUGE, LA 70806-1511
PHONE - AREA CODE 504-925-4418
"An Equal Opportunity Employer"

**FIFTH LOUISIANA LEVEE DISTRICT
BOARD OF COMMISSIONERS**

**222 NORTH CEDAR STREET
TALLULAH, LA 71282**

PH(318) 574-2206

FAX(318) 574-2205

October 4, 1995

Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Re: Audit Report/Two Years Ended June 30, 1995
Inventory of General Fixed Assets

Dear Mr. Kyle:

As noted in the recent audit report of Switzer, Hopkins and Mange, Certified Public Accountants, the inventory of general fixed assets of the Fifth Louisiana Levee District needs to be purged and rewritten into a concise report where assets are more easily identified.

Vehicles and equipment which have been junked or sold have been accounted properly. Small items which have worn out and been disposed of are the items which need to be identified and removed from the assets inventory.

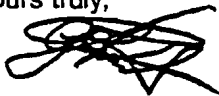
This was brought to my attention by the Levee District's Administrative Assistant prior to the audit by Switzer, Hopkins and Mange; however, to properly purge the fixed assets list will require a meeting among the Administrative Assistant, the Levee Superintendent, and two foreman.

The Levee District was involved in a late flood fight, moved directly into a concentrated mowing season, and now into preparations for levee inspections by Corp of Engineers, Vicksburg and New Orleans Districts, and there has not been time for these employees to meet and review the assets inventory.

Arrangements have been made for these employees to meet in November, thoroughly review all items on the inventory of general fixed assets, and purge accordingly, so a new and concise list can be formulated.

I trust this meets with the approval of the Legislative Audit Advisory Council and remain

Yours truly,



Reynold S. Minsky, President
Fifth Louisiana Levee Board

RSM/ng



Grambling State University
OFFICE OF THE VICE PRESIDENT FOR FINANCE
Grambling, Louisiana 71245

Long-Jones Hall, Room 219
P. O. Drawer 605
100 Founder Street

November 17, 1995

(318) 274-3100
FAX: (318) 274-3299

Dr. Daniel Kyle
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the audit finding regarding cash controls, Grambling State University submits the following:

We concur with the facts disclosed in this finding and we will comply with the recommendation. Grambling State University's control over transactions related to cash receipts is reasonably adequate and management (since July 1, 1994) has placed the highest emphasis on full compliance with established (University) policies, procedures, and State regulations.

The persons identified as being directly involved in failing to adhere to University Cash Management Policies and/or circumventing internal control procedures have been either terminated, suspended (pending further investigation), reprimanded or the persons have resigned. The system of internal control will be strengthened to document and verify the performance of those required to adhere to established policies and internal control procedures.

Some of the specific corrective actions taken are as follows:

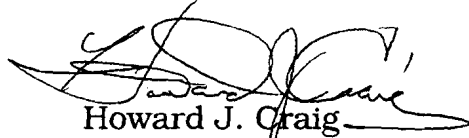
Procedures have been formalized and strengthened regarding the collection and deposit of sales receipts from the Aquaculture Department. All University departments are required to log in all checks and remit them to the Bursar on

Letter to Dr. Kyle
November 17, 1995
Page 2

a daily basis. All funds will be adequately secured until they are deposited with the Bursar. Regarding the segregation of duties, alternative compensating procedures will be used when the Bursar is required to perform cashiering duties. Financial institutions (Auxiliary) and prospective donors to the student newspaper have been notified to make all remittances to the Comptroller's (Bursar) Office. These procedures along with the requirement of logs and daily deposits will strengthen our internal controls.

The auditors' recommendations will be implemented.

Sincerely,



Howard J. Craig
Vice President for Finance

HJC/ml

c: Dr. Raymond A. Hicks
President



Grambling State University
OFFICE OF THE VICE PRESIDENT FOR FINANCE
Grambling, Louisiana 71245

Long-Jones Hall, Room 219
P. O. Drawer 605
100 Founder Street

October 2, 1995

(318) 274-3100
FAX: (318) 274-3299

Dr. Daniel Kyle
Legislative Auditor
1600 Riverside North
P. O. BOX 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

In response to the audit finding regarding investment compliance, we submit the following:

Grambling State University concurs with the finding and we have complied with the recommendations cited in the prior year audit report. Specifically, we have implemented various policies and procedural changes that should reasonably insure full compliance with state laws regarding investments. Duties such as the purchase, sale, recording of transactions, receipt of interest income, and verification of investment transactions have been adequately segregated.

We respectfully submit that since July 1, 1994, management has placed considerable emphasis upon accountability and adherence to state laws relating to investments. Through aggressive monitoring, we have successfully liquidated \$419,650 (21.9%) of the investments cited in the prior year report, without incurring any loss of principal.

As recommended, we will continue to aggressively pursue prudent opportunities to liquidate the cited investments to comply with state statutes, without realizing any loss of state funds.

Respectfully,

A handwritten signature in black ink, appearing to read "Howard J. Craig".

Howard J. Craig
Vice President for Finance

VC

c: Dr. Raymond A. Hicks
President

B-31



Grambling State University
OFFICE OF THE VICE PRESIDENT FOR FINANCE
Grambling, Louisiana 71245

Long-Jones Hall, Room 219
P. O. Drawer 605
100 Founder Street

August 22, 1995

(318) 274-3100
FAX: (318) 274-3299

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
P. O. BOX 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

In response to the finding regarding investment controls, we respectfully submit the following:

We concur with the finding as stated. Corrective actions have been taken to insure that all safekeeping receipts for investments be routinely and systematically secured in the Bursar's vault. Also, the log which is maintained by the Bursar will be reviewed on a regular basis to verify and insure that the record is accurate and complete. All institutions from which we expect interest checks have been advised to transmit any and all checks to the Comptroller's Office.

We respectfully submit that Management's emphasis will be intensified in enforcing and maintaining adequate internal control for investments.

The auditor's recommendations will be implemented.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

vc

c: Dr. Raymond A. Hicks
President



Grambling State University
OFFICE OF THE VICE PRESIDENT FOR FINANCE
Grambling, Louisiana 71245

Long-Jones Hall, Room 219
P. O. Drawer 605
100 Founder Street

November 21, 1995

(318) 274-3100
FAX: (318) 274-3299

Dr. Daniel Kyle
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Transmitted for your information are the responses to Bruno & Tervalon's audit of our Federal Grants for the year ending June 30, 1995.

1. Administrative Capability

Response

The University was successful in employing a competent Director of Student Financial Aid effective July 5, 1995. The University is committed to providing all of the resources required to include competent assistants and adequate computer support to reasonably ensure efficient compliance with all federal regulations.

2. Satisfactory Academic Progress (SAP)

Response

The SAP policy was revised and implemented January 1, 1995. The current policy is in full compliance with Title IV regulations. A committee has been established to facilitate the coordination of the policy with the appropriate administrative offices.

3. College Work-Study Conflicts

Response

Subsequent to the audit finding, it has been determined that the supervisors of the students in question inadvertently entered the incorrect work hours on the students' time sheets. Procedures will be enhanced to prevent students from working during scheduled class periods. We request that the questioned cost be eliminated.

4. Student Confirmation Reports (SCRs)

Response

The Registrar has taken the required corrective action to ensure that the data reported on the SCR reports are accurate. We will comply with the auditors' recommendation.

5. Refunds and Repayments to the Title IV Programs

Response

The University concurs with the audit finding. Procedures have been strengthened to make certain that refunds are processed accurately and returned expeditiously.

6. Student Financial Aid Over-Award

Response

The University concurs with the audit finding. Procedures have been strengthened to ensure that all funds received on behalf of a student be appropriately considered when awarding Title IV funds.

Letter to Dr. Kyle
November 21, 1995
Page 3

7. Federal Family Education Loan Applications

Response

Procedures have been strengthened to ensure that the cost of attendance is accurate on all loan applications. These inadvertent oversights did not result in an over-award of Title IV funds.

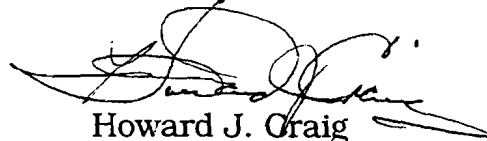
8. Student Aid Reports

Response

The University concurs with the audit finding. Every effort will be made to obtain the required signatures. The University will adhere to the auditors' recommendation.

Grambling State University is committed to obtaining error free audit reports by demanding full compliance with all federal regulations.

Sincerely,



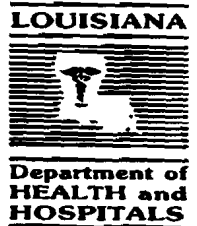
Howard J. Craig
Vice President for Finance

HJC/mlt

c: Dr. Raymond A. Hicks, **President**
Mr. Charles Hill, **Internal Auditor**
Mrs. Dyann Moses, **Director of Student
Financial Aid**



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS




Edwin W. Edwards
GOVERNOR

Rose V. Forrest
SECRETARY

November 21, 1995***

MEMORANDUM

TO: Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor

FROM: Joseph Williams, Jr. 
Deputy Secretary
Office of Alcohol and Drug Abuse

RE: OFFICIAL RESPONSE TO LEGISLATIVE AUDITOR'S OFFICE REQUEST
OF NOVEMBER 7, 1995

As per your request of November 7, 1995, the following is my official response to the audit finding "Allocation of Block Grant Funding" for the fiscal year ended June 30, 1995.

I am responding to the two following issues:

Issue 1: Statement of Partial Concurrence:

• A. PREVENTION-

The Office concurs with the findings regarding a short-fall of prevention set-asides by \$21,031, as documented by current expenditures captured by our existing data collection system. The reported short-fall is primarily due to inappropriate capturing of actual expenditures by our current MIS system. Additionally, there is apparently an on-going discrepancy between the accounting systems of OADA Fiscal Services and the Division of Fiscal Management.

Official Response
Audit June 30 1995

• B. TREATMENT-WOMEN'S SERVICES-

This Office does concur with the reported findings:

- 1) The expenditures as outlined in Section 1922 1(B) should yield a total set-aside requirement of \$2,430,472.35 or a short-fall of \$562,144.60.
- 2) However, this figure does not accurately represent actual women's set aside expenditures due to internal problems related to the capturing and/or identification of these expenditures. Also, it is our understanding that this expenditure amount does not include monies for allowable expenses such as related travel, training, staff salaries etc. We are now in the process of (1) manually collecting additional data on this set aside as well as (2) developing a more comprehensive system of identifying these expenditures.

Official Response
 Audit June 30, 1995

Issue 2: Corrective Action Plan:

• **PREVENTION:**

Goal: To develop and incorporate a comprehensive Management Information System (MIS) for the Division of Prevention Services.

Action Steps	Target Date	Responsible Staff
Draft letter to the Center for Substance Abuse Prevention, requesting technical assistance from their contractor, Birch & Davis.	11/15/95	Joseph Williams, Jr
Meet with Birch and Davis to do an overview of the existing data system.	11/28/95	Prevention Staff
Hold a focus group of prevention providers and develop a working committee to begin working on a manual data collection program that looks at outcomes and process evaluations.	11/29/95- 11/30/95	Prevention Staff and providers
Work with computer programmer on automation efforts and train individuals at the selected test sites on the manual data collection device to be implemented.	12/19/95- 12/21/95	Juanita Alexander
Review test site data collection process with focus groups.	2/20/96	Prevention Staff
Implementation system of statewide at selected sites and train individuals how to integrate the data.	3/15/96	Prevention Staff

Official Response
 Audit June 30, 1995

• **TREATMENT:**

Short-Term: To manually collect additional data relevant to meeting expanded women's services set-aside.

Action Steps	Target Date	Responsible Staff
Develop a standardized form, including all pertinent data to collect expenditures applicable to Block Grant's set-aside requirements	12/11/95	Juanita Alexander & other OADA Staff
Submit approved form to Regional Managers, with appropriate instructions.	12/15/95	OADA Treatment Staff
Disseminate forms within regions for data collection, with a due date of January 8, 1995.	12/19/95	Regional Managers
Submit completed forms to Central Office.	1/17/96	Regional Managers
Review and compile regional data.	1/29/95	Juanita Alexander & other OADA Treatment Staff
Submit an official document to Dr. Daniel G. Kyle, Legislative Auditor, summarizing the data collected.	2/2/96	OADA Treatment Staff

Official Response
 Audit June 15, 1995

• **OADA Long-Term Goal(s):**

- (1) To develop and implement coherent and valid data communication policies and procedures, between the Office of Alcohol and Drug Abuse, Fiscal Section and DHH Division of Fiscal Management.

Action Steps	Target Date	Responsible Staff
Hold a focus group of OADA Staff and Fiscal Office(s) Staff to develop a strategic plan.	12/13/95	Juanita Alexander, OADA Staff & Fiscal Office(s) Staff
Make recommendations to the Assistant Secretary to implement appropriate changes.	12/18/95	OADA Staff & Fiscal Office(s) Staff
Conduct staff training on changes.	1/25/96	Juanita Alexander & other OADA Staff
Implement approved changes.	1/30/96	OADA Staff & Fiscal Office(s) Staff

Office Response
 Audit June 30, 1995

• Long-term Goal(s) cont.:

- (2) a) To continue on-going evaluation of OADA management information system.
- b) To coordinate the implementation of a revised statewide data collection system, that best meets the needs of the agency (targeting block grant award requirements) and the clients served (needs assessment outcome).

Action Steps	Target Date	Responsible Staff
Data Processing Committee meetings to evaluate and recommend changes, as warranted.	On-going	OADA Data Processing Committee (Central Office and regional staff representation)
Development of a revised statewide management information system tailor made to meet the office's administrative and programmatic needs.	12/30/96	Juanita Alexander & other OADA Staff
Conduct staff training.	1/17/96	Juanita Alexander & other OADA Staff
Implementation of a revised statewide management information system.	1/22/96	OADA Staff

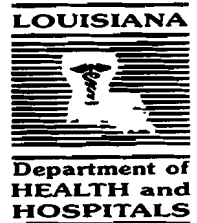
xc: Rose Forrest
 David McCants
 Stan Mead
 Charles Castille
 H.K. "Woody" Sweeney

*** This memo supercedes the memo to Dr. Daniel Kyle dated November 14, 1995

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Edwin W. Edwards
GOVERNOR



Rose V. Forrest
SECRETARY

August 23, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Reference is made to the letter dated August 16, 1995 from Mrs. Margaret W. Bumm, CPA, Audit Manager, regarding the audit finding "Audit Report Monitoring". We concur with the finding and recommendation. The Department has developed an Automated Audit Tracking, Monitoring and Resolution System and the policy for the implementation of audit tracking is going through final review within the Department at this time. It is our intention, as soon as the policy receives final approval, to implement the policy and the new system immediately.

Should any additional information be required, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Stan Mead".

Stan Mead, Director
Division of Fiscal Management

SM/jbm

B-42



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

August 22, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

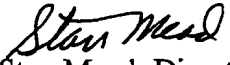
Dear Dr. Kyle:

We have received your audit finding "Cash Management of Block Grants". The department concurs with your finding that federal funds in the Office of Alcohol and Drug Abuse were overdrawn for a short period of time.

The error identified was made during the last administrative and payroll projection that the incumbent in the position made. The incumbent transferred to another position, and this position was vacant for approximately three (3) weeks. Procedures are established to minimize the time elapsing between the transfer of funds and disbursement, and we strive to follow these procedures. Had the position not been vacant, the error would have been detected and/or corrected in a timely manner.

Should you have any questions regarding this, please advise.

Sincerely,

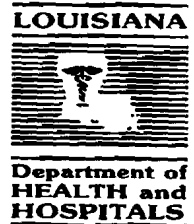

Stan Mead, Director
Division of Fiscal Management

SM:KC:audit:cmgtbg

B-43



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Edwin W. Edwards
GOVERNOR

Rose V. Forrest
SECRETARY

August 31, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
1600 North Third St.
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: FYE 6/30/95
Audit Findings

Dear Dr. Kyle:

This correspondence is in response to your letter dated August 21, 1995 to Stan Mead regarding audit findings for the period ending June 30, 1995. There were two findings relating to confidentiality of Medicaid recipient information and our responses to these findings are as follows:

Finding #1
DHH Provides a monthly tape containing eligibility information to a private contractor engaged the Louisiana Health Care Authority.

Response:

We concur with your finding. A user request instructing Unisys to immediately discontinue production of the monthly eligibility tape for use by private contractor was submitted on 8/29/95 and followed up by a telephone call. The August tape had already been shipped but no tape will be produced and shipped in September 1995. Copy of user attached.

B-44

Dr. Daniel Kyle, CPA, CFE

August 31, 1995

Page 2

Finding #2

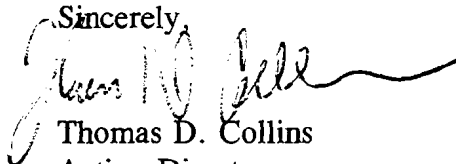
A Louisiana Health Care Authority employee runs a match program using a tape of potential Medicaid eligibles against the information maintained by DHH on the Welfare Information System (WIS) files. The tape of potential Medicaid eligibles is received from a private contractor engaged by LHCA. The match program was not in a protected computer file library to ensure no unauthorized changes were made.

Response:

We concur with your finding. A user request was issued to DHH Information Services staff to put the object code within a protected library environment. This user was signed off as completed on 8/25/95 (copy attached). The source code for this match program was protected. DHH IS staff did verify that no changes had been made to the match program since it was written in 1991.

Contact Carol Simpson at 342-3855 if you need further information.

Sincerely,



Thomas D. Collins
Acting Director

TDC/CS/sb



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Edwin W. Edwards
GOVERNOR

October 4, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

With reference to the audit finding regarding the Drug-Free Workplace policy, we concur with the finding that five of the twenty-four employees in the test did not have the appropriate signed form in their records.

We were aware of the potential for this and have been discussing and addressing this issue prior to the receipt of the finding.

In our review of human resource practices and functions, we had found that the Office of Mental Health and the Office of Alcohol and Drug Abuse had "non professional personnel" processing personnel and related actions entirely independent of any professional human resource review.

We have established professional "Human Resource Director" positions in each of the nine DHH regions throughout the state; identified the contents of an official record as required by all state and federal laws; have eliminated the independent processing of actions by the non-professional personnel; and require that all actions be processed through these professional Human Resource Directors. We believe that these actions will eliminate this finding in the future.

In addition, I have personally instituted an internal audit of human resource records by my staff to insure that this matter is corrected and adhered to in the future.

Should you have any further questions, please do not hesitate to contact me.

Sincerely,

Mary Anne Manley
DHH Human Resource Director

B-46



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

September 7, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We have received your audit finding "Medicaid Cash Management ". Although the department concurs that adequate procedures were not established and followed consistently at the time of the findings, we did establish additional procedures subsequent to the findings in the 1994 report. Once these procedures were in place, no further instances were identified. In regard to the instances identified, we submit the following comments:

1. The department took steps to establish a revised clearance pattern at the time we were notified. Even if we had notified the Financial Management Service (FMS) in writing at that time, the data to complete the task was not available. The clearance pattern was adjusted and FMS was notified immediately upon determining the actual clearance activity.
2. The error on October 10, 1994 was detected as a result of revised procedures resulting from the 1994 report. The reconciliation process implemented has worked as evidenced by the lack of findings; however, it did take a long time to reconcile the draws prior to the change.
3. Although the distribution of the payroll expenditures to the federal programs did eventually result in the use of an estimated average being distributed, the actual payroll expenditures were used in the process. Even though the technique calls for requests to be the exact amount of the disbursement, the amounts of the overdraws and underdraws do not represent a material failure to comply with the agreement which would be required for the imposition of interest.

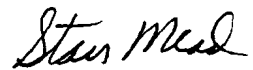
B-47

Dr. Daniel G. Kyle, CPA, CFE
September 7, 1995

Page 2

Should you have any questions regarding this, please advise.

Sincerely,



Stan Mead, Director
Division of Fiscal Management

SM:KC:aud95:medcmgt



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Department
HEALTH and
HOSPITALS

Rose V. Forrest
SECRETARY

October 19, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

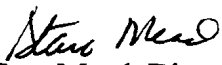
Dear Dr. Kyle:

We are in receipt of your audit finding "Medical Assistance Trust Fund". The department concurs with your finding that adequate monitoring procedures should provide for the audit of the providers' records to assure that providers reported and remitted the correct fees.

The department has begun the request for proposal process for a contract to provide for audit services.

Should you have any questions concerning this, please contact me.

Sincerely,


Stan Mead, Director
Division of Fiscal Management

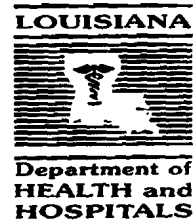
SM:KC:aud95:matf

B-49



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

September 6, 1995

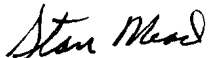
Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Reference is made to Ms. Margaret W. Bumm's letter to me of August 21, 1995 regarding the reportable audit finding "On-Line Time and Leave Entry System". The Department concurs with the finding and we have taken action to implement your office's recommendation. Mr. H.K. "Woody" Sweeney, DHH Undersecretary, issued a memorandum dated September 6, 1995 to all administrative staff reemphasizing the need to follow the Department's On-Line Time and Entry System Procedures and further stating that failure to adhere to these procedures will result in disciplinary action being taken against those individuals who are responsible.

Should you have any additional questions, please advise.

Sincerely,


Stan Mead, Director
Division of Fiscal Management

SM/jbm

B-50



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

October 20, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397


Dear Dr. Kyle:

We are in receipt of your audit finding "Provider Audits". The department concurs with your finding that adequate internal controls over the posting of provider receivables and payables resulting from audits were not in place. Specific comments on the findings are as follow:

1. Fiscal Management and Institutional Reimbursements worked diligently to improve the procedures during the year ended June 30, 1995. The omissions identified were the result of audit settlements that were identified as lump-sum settlements, and therefore not used in calculating the audit balances when the Tri Span letters were posted to the Fiscal Management ledgers. These items have been corrected and the accounts have been balanced.
2. These errors have been corrected and the appropriate reporting will be made to the HCFA-64.

Should you have any questions concerning this, please contact me.

Sincerely,


Stan Mead, Director
Division of Fiscal Management

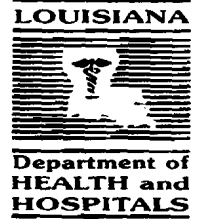
SM:KC:aud95:proaud

B-51



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

July 12, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Please refer to the July 5 letter from your office regarding the "Rate Setting" audit finding. We concur with your finding that the Department set prospective reimbursement rates for clients in residential facilities, those facilities that contract with Office of Mental Health (OMH) and Office of Alcohol and Drug Abuse (OADA), using cost reports that have not been independently audited to ensure that costs are accurate and allowable under HIM-15.

The Department will set prospective reimbursement rates for clients in the aforementioned facilities using cost reports that have been independently audited to ensure that costs are accurate and allowable under HIM-15. Currently the Department has amended the 1994 facility contracts to include a requirement that the independent auditor render an opinion on the cost reports for the residential facilities that contract with OMH and OADA.

If additional information is required, please contact John Marchand at 342-6116.

Sincerely,



Thomas D. Collins
Acting Director

TC:JM:cr

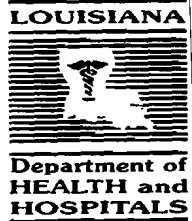
cc: Stan Mead
John Marchand

B-52



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

September 6, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Reference is made to Ms. Margaret W. Bumm's letter to me of August 16, 1995 regarding the reportable audit finding "Time and Attendance Records". The Department concurs with the finding and we have taken action to implement your office's recommendation. Mr. H.K. "Woody" Sweeney, DHH Undersecretary, issued a memorandum dated September 6, 1995, to all administrative staff reemphasizing the need to follow DHH and State Civil Service rules and regulations and further stating that failure to adhere to these procedures will result in disciplinary action being taken against those individuals who are responsible.

Should you have any additional questions, please advise.

Sincerely,

Stan Mead, Director
Division of Fiscal Management

SM/jbm

B-53



State of Louisiana

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

POST OFFICE BOX 94094

BATON ROUGE, LOUISIANA 70804-9094

(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

October 18, 1995

Daniel G. Kyle, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

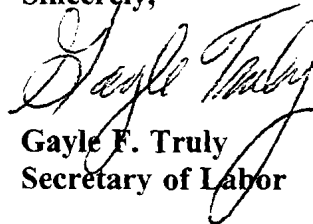
Dear Dr. Kyle:

This letter is a response to the finding and recommendations regarding cash management.

This agency agrees with your finding regarding the drawdown of federal funds in accordance with the Cash Management Improvement Act (CMIA) agreement. If drawdowns would have complied with the agreement, the result would have been an excess of funds in the agency bank account above the three day supply.

We will work with State Accounting to amend the agreement and correct the drawdowns.

Sincerely,



Gayle F. Truly
Secretary of Labor

GFT/GS/jl



State of Louisiana

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

POST OFFICE BOX 94094

BATON ROUGE, LOUISIANA 70804-9094

(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

November 2, 1995

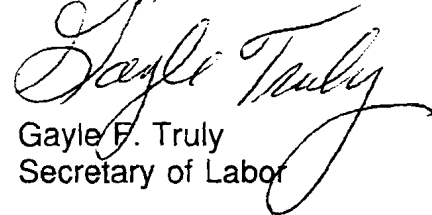
Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We concur with the finding which stated that seven employees falsified time and attendance records by certifying they worked a full eight hours on Fridays when they did not and have taken disciplinary action against the employees and corrective management action to prevent any future occurrences.

If you need additional information, please contact me.

Sincerely,



Gayle F. Truly
Secretary of Labor

GFT/jl

L H C A

LOUISIANA HEALTH CARE AUTHORITY

Leonard J. Chabert Medical Center

November 9, 1995

To: Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditors Office

From: Ketti Breaux *Ketti Breaux*
Fiscal Director

RE: Reply to Commodities Inventory Records and Reports

The agency concurs with the audit finding and has implemented procedures as follows to ensure future compliance:

1. On the date inventory is received, the stock clerk will verify and receipt in the contents of commodities received. On the same day, the verified paper work will be given to the clerk to review and post to inventory records. The clerk will have up to 24 hours to post this paperwork to the perpetual inventory records. On the fifteenth and last day of each month, the stock clerk will take a physical inventory count, which will be given to the clerk to post, adjust, and balance the perpetual records.

2. Requisition forms are generally prepared daily by the stock clerk. These requisitions are given to the clerk to post to the perpetual inventory records. It is the clerk's responsibility to question the stock clerk when a requisition form is not received daily. This procedure will help ensure that all "issues" are accounted for.

3. The responsibility of ensuring that the Monthly Inventory reports are submitted to LDOA will be that of the Nutritional Services Director. When the Director prepares Monthly Statistical Reports, which is dependent upon the Inventory Reports of the clerk, the Director will review for compliance and then mail to LDOA. This will be performed before the tenth of the month.

These above minor procedural changes in recordkeeping and quality control measures should ensure compliance to correct the insufficiencies.

L H C A

LOUISIANA HEALTH CARE AUTHORITY
Leonard J. Chabert Medical Center

November 13, 1995

MEMORANDUM

TO: Dr. Daniel Kyle, CPA, CFE
Legislative Auditors Office

FROM: Ketti Breaux *Ketti Breaux*
Fiscal Director

RE: Controls Over Disbursements

Professional Services Contracts are submitted in the most timely manner by our agency. The process is started in February or early March each year. The process begins with the vendor providing the agency with an Affidavit of Ownership (obtained from the Secretary of State), Articles of Incorporation, Copies of Current Board of Directors Minutes, and Original signatures on the contract submitted by Chabert Medical Center. Due to the detail and timeliness involved, the process is sometimes delayed by the vendor which is sometimes not within their control. Our agency submits to the Office of Contractual Review as soon as all necessary forms are received from the vendor. Once forwarded to Baton Rouge, an extremely timely, cumbersome process is required for final approval. The major hold up is usually with the Division of Administration.

We were under the understanding that a three year continuous contract had a 90 day period (while awaiting the yearly BA-22 approval) to remit payment to the vendor. Therefore, payments were released to the physicians. In order for the hospital to maintain physician staffing for care and service to our patients, we cannot withhold payments for a great length of time awaiting contractual review approval or else the physicians will threaten to cease patient care. Services are rendered by the vendor and payment is expected within ninety days of invoice or the agency will be liable for interest payments per state laws. We are therefore in a no win situation if payment is delayed.

It is extremely critical in our profession to provide adequate staffing to ensure that no life threatening situations develop that might place the state, and/or hospital in a liable position. We feel that exemptions are needed for health care facilities that require continuous services that can be life threatening. A more efficient and flexible system is needed for hospitals to continue operations and manage their resources.

The medical center is currently correcting the discrepancy of services received without a valid contract and will code the payments to "Professional Services" as deemed appropriate.

The medical center has requested and received current detailed invoices from the medical association containing the appropriate documentation.

Lastly, new procedures for verification and approval by the appropriate personnel for certain vendor payments has been implemented.

With implementation of the above, the medical center has enforced stricter controls to ensure all laws and regulations are adhered to for all disbursement functions.

EDWIN W. EDWARDS
GOVERNOR

MARK H. HILZIM
SECRETARY

MELINDA SCHWEGMANN
LIEUTENANT GOVERNOR
AND COMMISSIONER

STATE OF LOUISIANA
DEPARTMENT OF CULTURE, RECREATION AND TOURISM

POST OFFICE BOX 94361
BATON ROUGE, LA 70804-9361
(504) 342-8115
FAX: (504) 342-3207

May 8, 1995

Dr. Dan Kyle, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the notice of your preliminary audit findings on movable property and cash management for the Office of the Lieutenant Governor, I have reviewed the findings and submit management comments on the attached separate pages as requested.

Lieutenant Governor Schwegmann continues to be strongly committed to improving internal controls in the Office of the Lieutenant Governor and in the Department of Culture, Recreation and Tourism. As you are aware many improvements have been put in place during the past several months. In fact, your Office has been most helpful in the implementation of those changes. While we look upon an audit as a positive opportunity to improve, it is our goal to eliminate reportable findings entirely.

If I can provide any further information prior to issuance of your audit report, please let me know.

Sincerely,



Mark H. Hilzim

MHH/la

Attachments

cc: Melinda Schwegmann, Lt. Governor w/attachments
Tammy Starnes, Legislative Auditor w/attachments

OFFICE OF THE LIEUTENANT GOVERNOR
Management Response

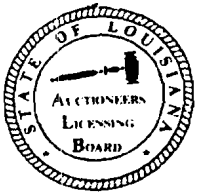
Cash Management

Management concurs with your recommendation. In this particular finding, the requested \$104,000 was drawn based on a sub-recipient's invoice. As a result of a technical assistance visit to the sub-grantee, a letter was sent on December 12, 1994 to schedule an extensive review of the sub-grantee's accounting records for December 15, 1994 (see attached correspondence). The Office of Management and Finance, DCRT placed a "hold" on the check request until the review was completed and corrected monthly reports were received. There remained an immediate need for the funds based on possible responses from the sub-recipient. If the check had been written and not disbursed, the Office would have been in compliance; yet, the money would not have been available to the Federal Government for use or investment.

Federal funds can be drawn electronically but cannot be reversed using the same procedure. The procedure for returning the funds is to write a check through the FACS system and return to the AmeriCorps program by mail. This procedure was not used because the Office expected to write the check immediately. The delay was exacerbated by the Christmas holidays and problems encountered by the sub-recipient.

Federal regulations require the Office to monitor sub-grantees for compliance and a review of their cash management procedures is an integral part of the monitoring process. The Office does not expect to encounter another incident such as this in the future but procedures have been revised to ensure that federal funds would be returned if it did.

Federal funds are requested by the Office of the Lieutenant Governor on a reimbursement basis. FACS expenditures are monitored weekly. Procedures for monitoring have been modified to retain weekly screen printed FACS expenditure and revenue reports to verify the status of federal fund receipts and expenditures. Additionally, all federal fund requests will list the vendor, invoice number and amount of expenditure to be reimbursed.



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
LOUISIANA AUCTIONEERS LICENSING BOARD

KEVIN REILLY
SECRETARY OF
ECONOMIC DEVELOPMENT

September 13, 1995

MEMORANDUM

TO : Gerald Walker, CPA
FROM: Mary Norton, Executive Assistant
RE : Management's response to 1995 audit
MANAGEMENT'S RESPONSE TO 1995 AUDIT FINDING

NO ANNUAL SELECTION OF OFFICERS - The Louisiana Auctioneer's Licensing Board was unaware of the need to formally select officers annually. The Board will, at their next regularly scheduled meeting, hold an election of officers.

SUBMITTED BY,

Mary Norton
Executive Assistant
La. Auctioneer's Licensing Board



LOUISIANA
BOARD OF EXAMINERS
for
SPEECH PATHOLOGY AND AUDIOLOGY



October 30, 1995

Ms. Valinda Smith, Single Audit Coordinator
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Smith:

In response to a finding concerning our budget noted in our audit report for the two years ended June 30, 1995, the board was unaware they were required to notify the Joint Legislative Committee on the Budget of any increases to the original budget. In the future, the board will monitor its expenditures and notify the Joint Legislative Committee on the Budget as required by LA-R.S. 39:1338.

If you should have any questions, please advise.

Sincerely,

Suzanne Pevey
Executive Director



7860 Anselmo Lane • Baton Rouge, LA. • 70810-1199 • Phone (504) 767-5660/1-800-272-8161 (LA) • Fax (504)767-4299

January 18, 1996

Hannis T. Bourgeois & Co., L.L.P.
2322 Tremont Drive, Suite 300
Baton Rouge, Louisiana 70809-1487

Attn.: Mr. Ronnie Stamper

LETA's Audit Report for FY 95

Dear Mr. Stamper:

The management and staff of the Louisiana Educational Television Authority are delighted with the issuance of an unqualified opinion on the financial statements for the year ending June 30, 1995. As in past years, it was again a pleasure to work with you and the members of your auditing team.

Even though the audit findings were not absolute flawless, I want to ensure you of LETA's management contenting efforts to eliminate all reportable conditions and offer the following responses to your recently completed audit and the remedial action taken or to be taken as a result of your audit's team finding.

FINDING:

First, in the area of revenue, receivable and receipts, which you classified as special revenue fund, you mentioned that in the prior year, LETA's management had elected to account for federal grants and other non-state funds in LETA's 501(c) organization, the Foundation for Excellence in Louisiana Public Broadcasting. However, there were two grants awarded in the name and federal identification number of the Louisiana Educational Television Authority and the funds were "passed-through" from LETA to the Foundation.

RECOMMENDATION:

You recommended that personnel responsible for applying for grants continue to be aware of the importance of applying for grants in the name and federal identification number of the Foundation and, that all future grants that are to be administered by the Foundation be applied for and received under the name and federal identification number of the Foundation.

RESPONSE:

While LETA's management reserves the right to apply for federal grants and other special projects in either LETA's name or in the name of the Foundation, we recognize the fact that once a grant or special project has been awarded to a specific organization, all budget, expenditures and deposits should be in the name of that specific organization. Furthermore, management will issue written instructions to personnel responsible for applying for grants to reiterate the importance of applying for grants under the correct federal identification number. In addition, the grant accountant has been instructed to verify the identification number on all grants awarded before establishing a budget and depositing funds.

FINDING:

Second, in the area of expenditures for goods and services and accounts payable, you discovered that two items in your sample of purchase orders were not signed by the applicable cost center manager and disclosed that agency personnel purchased an item that was on state contract without issuing a purchase order.

RECOMMENDATION:

In order to comply with LETA's procedures, you recommended that all purchase orders be signed and approved by the applicable cost center manager. You also recommended that for any item purchased under state contract, a state purchase order or requisition be completed and properly approved by state personnel.

RESPONSE:

I am in full agreement with your recommendations. During this interim period, verbal instructions have been issued to the accounts payable accountant not to process any purchase order without the signed signature of the cost center manager or his or her designee, written instructions to follow. I have instructed purchasing personnel to become familiar with state purchasing regulations and procedures and to make themselves available for all scheduled purchasing classes.

FINDING:

Thirdly, under indirect costs, you noted a continuing pattern of charging indirect cost based entirely on budgeted figures for the various grant programs and no actual indirect costs percentages were documented.

RECOMMENDATION:

You recommended that employees involved in the administration of the grants periodically maintain time sheets in an effort to develop an actual indirect cost percentage and that indirect costs be based upon actual percentages, which are documented.

RESPONSE:

Again, I am in full agreement with your recommendations. Written instructions will be issued to the grant accountant directing her that no indirect cost can be charged to a grant or project unless proper documentation is received. In addition, I will continue to stress to grant administrator the need of maintaining records and establishing measurable indirect cost percentages.

FINDING:

Your finding in the area of property, equipment and capital expenditures only alluded to prior year. It made reference to the fact that the Authority's internal control policies and procedures were not always adhered to. For instance, equipment was frequently installed or placed into service before a property control tag had been issued and a periodic reconciliation of actual capital expenditures recorded in the general ledger was not compared to additions in the fixed asset listing.

RECOMMENDATION:

You recommended that the Authority adhere to its stated internal control policies and procedures relating to property, equipment and capital expenditures. For instance, the applicable department heads should have a greater participation in the annual physical inventory of equipment performed by the property control officer. You also recommended that a separate object code be established in which only expenditures representing new property and equipment be recorded. The property control officer could then review these object codes on a monthly basis, in order to determine that new equipment purchased for that month has been properly tagged and added to the fixed asset listing.

RESPONSE:

Your corrective action taken statement says it all. You are correct in understanding that new procedures have been implemented where by equipment is being tagged before being placed in service, where practical. Also, separate object codes have been established whereby new property and equipment purchases are recorded. Those object codes are reviewed by the property control officer to ensure that all new equipment purchases are tagged and added to the state's fixed asset listing.

FINDING:

Finally, in the area of payroll, while performing your compliance test, you noted that two employee's time sheets included in your sample were not signed by their supervisor and discovered that the time sheet for one employee had been signed by the supervisor, but not by the employee.

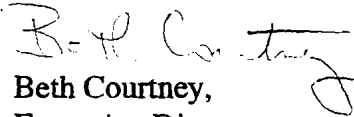
You recommended that in order to comply with LETA's stated procedures, all time sheets should be signed by both the employee and the employee's supervisor in verifying the hours worked by the employee.

RESPONSE:

Again, I agree with your recommendation and, to insure compliance, I have issued instructions to the payroll clerk to review all time sheets for signatures of both the employee and supervisor and to return any time sheet to the supervisor that do not have the required signatures.

While your report concluded that none of the reportable conditions described above are material weakness that would be material in relation to LETA's audited financial statements, LETA's management wants to ensure you that every effort will be expended to correct the reportable conditions.

Sincerely


Beth Courtney,
Executive Director

c: Mr. Daniel G, Kyle,
CPA, CFE, Secretary
Mr. Ray C. Harris,
Administrative Director
LETA's Board Members



Louisiana Housing Finance Agency

EDWIN W. EDWARDS
GOVERNOR

V. JEAN BUTLER
PRESIDENT

200 LAFAYETTE STREET, SUITE 300
BATON ROUGE, LOUISIANA 70801
(504) 342-1320
FAX (504) 342-1310

December 20, 1995

HAND DELIVERED

Mr. Daniel G. Kyle, Secretary
Legislative Audit Advisory Council
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Secretary Kyle:

As required under LSA-R.S. 24:519, responses to the audit report comments are stated below:

Internal Control or Compliance Reports:

1. Upon further review of the 16 Single Family Projects noted in the Auditor's report, only two projects has since been determined by the Agency to be in violation of the appraisal guidelines. The HOME funds for these two loans represent 0.57% of the 353 loans financed in this program utilizing more than \$6 million of HOME funds. The Board of Commissioners has approved the reimbursement of the HOME funds from other program resources of the Agency. This reimbursement of the CMI System was completed on December 15, 1995. The program compliance monitoring has been revised to prevent further violations of this nature.
2. The Agency's Cost Allocation Plan for Fiscal Year 94-95 was submitted and subsequently approved on December 12, 1995.
3. The Agency returned these funds to the Dept. Of Housing and Urban Development on November 2, 1995.

Legislative Audit Response
December 20, 1995
Page -2-

4. The issue of cash balances in the Section 8 Housing Assistance Payments (HAP) accounts has been on-going for several audits. The Agency is proposing a different strategy to resolve this issue by recommending a settlement agreement with HUD pursuant to which the Agency will accept HUD's reconciliation conditioned upon HUD's execution of such a settlement agreement.
5. The HUD Regional Office has given the Agency verbal approval to amend Year End Settlement reports which will allow the Agency to recoup the \$1800 administrative fee shortage. The amendment process is complete, but due to HUD's furlough, amendments have not been paid.

If you have questions, or if further clarification is needed, please contact Johnese Roberson at (504) 342-1320.

Sincerely,



V. Jean Butler
President

VJB/jr

xc: Postlethwaite & Netterville



LOUISIANA SPECIAL EDUCATION CENTER

Walter B. Gatlin
Superintendent

Telephone
318-487-5484

May 19, 1995

Daniel G. Kyle, PH.D., CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

RE: Return of unallowable cost

Legislative Audit Finding Y3a/3; Y5a/2,3 whereby Louisiana Special Education Center requested and received \$452 of unallowable cost reimbursement from Louisiana Department of Education, Office of Special Education under IDEA Discretionary Funds project number 94-D-72 has been corrected.

The \$452 of unallowable cost for two pieces of equipment purchased before the project period began was returned to the Office of Special Education in February, 1995 with 2/2/95 Department of Treasury check #2979296. Also, future State grant programs that this agency receives will be monitored more closely to decrease the chances of this situation occurring again.

If you have any questions, please call Thomas Brooks at LINC 221-5484.

Sincerely,

Walter B. Gatlin
Superintendent

WBG/TAB/mms
Attachments
xc: Thomas Brooks



STATE BOARD OF EXAMINERS IN DIETETICS AND NUTRITION

P. O. Box 41042
Baton Rouge, LA 70835
Telephone: 504-673-8043

T
A
T
E

O October 30, 1995

F

L Ms. Valinda Smith, Single Audit Coordinator
O Office of Legislative Auditor
U Post Office Box 94397
I Baton Rouge, LA 70804-9397

S Dear Ms. Smith:

I In response to a finding concerning our budget noted in our audit
A report for the two years ended June 30, 1995, the board was unaware
N they were required to notify the Joint Legislative Committee on the
A Budget of any increases to the original budget. In the future, the
board will monitor its expenditures and notify the Joint Legislative
Committee on the Budget as required by LA-R.S. 39:1338.

If you should have any questions, please advise.

Sincerely,

Suzanne Pevey
Executive Director

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

630 CAMP STREET, NEW ORLEANS, LA 70130
MAILING ADDRESS: POST OFFICE BOX 30250, NEW ORLEANS, LA 70190-0250



Telephone (504) 524-6763
FAX (504) 568-8893
Writer's Direct Dial

August 23, 1995

Daniel G. Kyle, CPA, CFE, Secretary
Legislative Audit Advisory Council
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the management comments concerning the audit of the financial statements of the Louisiana State Board of Medical Examiners for the year ended December 31, 1994. I write to provide the following information.

As is obvious from Mr. Guilford's observations, the volume of accounting needs far exceeded our resources for the past several years. We have been severely limited by space constraints which in turn prevented us from expanding into a fully staffed department. Now that we are in our own building and we have sufficient space, we are in the process of completely reorganizing the accounting department of the Board which will, if Civil Service approves an appropriate position, be headed by a degreed accountant. We have requested either an Accountant 4 or an Accounting Supervisor 5. All requested documentation has been sent to Civil Service and we are awaiting their decision, but I have serious concerns that they will not approve the level position we feel is necessary. The accountant will supervise an Accounting Specialist 1 and a Clerk 2. The department will move from supervision by the Administrative Manager to my supervision. We are even prepared to staff the department beyond this, if necessary. Because of what I feel to be an urgent need for more in-house accounting expertise, I am also currently exploring the feasibility of a restricted position to carry us until we have the department fully staffed.

We have purchased the software recommended by Mr. Guilford, we hope to shortly have hardware in place and connected so that the department can share software and data, and staff will be sent for training. We have already identified a training source in the New Orleans area with a CPA firm recognized for its expertise in Peachtree. As soon as the program is up and running, we will begin converting our data from Lotus 123 and PFS to Peachtree and we should be able to produce

more timely reports.

We fully agree with Mr. Guilford's recommendations for establishing an appropriate control structure and for development of an accounting manual. I also have full authority from the Board to take any and all steps required for compliance with the management recommendations issued in connection with the audit.

I trust this information is sufficient for your needs. Should you have any questions or recommendations, we would be most pleased to hear from you.

Yours very truly,

**LOUISIANA STATE BOARD
OF MEDICAL EXAMINERS**

Mrs. Delmar Rorison
Executive Director

dr



Louisiana State Board of Wholesale Drug Distributors

11853 Bricksome, Suite D, Baton Rouge, LA 70816

(504)295-8567 (504)295-8568 (fax)

November 22, 1995

Mr. Daniel G. Kyle, Secretary
Legislative Audit Advisory Council
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

In your letter of November 15, 1995, you asked for our response to certain matters cited by Ehricht & Broomas, Certified Public Accountants, in their report of the audit they performed for the Legislative Auditor's office as of and for the year ended June 30, 1995.

In response to the auditor's comments, please be advised of the following:

Internal Control or Compliance Reports:

1. **Government accounting system - pg. 23**

As pointed out in the audit report, during the two year period covered by the audit, the board experienced a great deal of turnover, and management and clerical functions were, for the most part, provided by intermittent and part time personnel. During part of this period, the services of a professional accountant were engaged in an attempt to gain some control and continuity over financial matters.

Effective July 1, 1995, the entire accounting and reporting function is being done in house. All accounting is being done on Quick Books by an employee of the board. We felt this would reduce any apparent confusion arising out of the previous arrangement for accounting services. Additionally, as of February 1, 1995, the board has engaged the services of a part-time Executive Director who will be in a better position to monitor the accounting system. This person has had thirty years experience in state government, much of which was as either the director or assistant director of an agency of the state, and has extensive experience in monitoring and supervision of accounting functions. The board feels with the present system firmly in place and with the supervision exercised by the Executive Director, any problems which may have existed with the accounting system will be remedied. Additionally, liaison has been established with the state Office of Reporting and Accounting relative to maintaining an acceptable accounting system.

John Liggio
Chairman

Bob Broadus
Vice Chairman

Fredric King
Sec/Treasurer

Maxie E. Cox
Executive Director

M.A. Dickson, Jr.
Member

Gayle White
Member

Wayne Gremillion
Member

2. **Safeguarding assets and appropriate review of accounting output - pg. 27**

At the regular meeting of the board of November 8, 1995, the board reviewed the auditors comments in this area.

a. Pre-numbered control numbers. The board is convinced that the present method of producing computer generated licenses along with the review system in place for the issuance of each individual license, the procedure in place assures adequate control over each license without the need for pre-printed licenses containing pre-numbered control numbers. The board is assured that under the present system, it is virtually impossible for an improper or unauthorized license to be issued. The board feels more comfortable with generating licenses by the computer as needed than having on hand a large supply of pre-numbered licenses which could more easily result in improper licenses being issued.

b. Cash receipts not always deposited within 72 hours. There is now written policy requiring all cash receipts to be deposited daily or in no case more than 72 hours after there were received in the office of the board.

c. Cancelled checks not always maintained with bank statements. Written policy now requires that all cancelled checks be maintained with bank statements. All prior instances where this may have occurred have been corrected.

d. Computer generated checks. Board has agreed to considered to using computer generated checks upon depletion of the present supply of voucher checks. (Interestingly, auditor found problems with computer generated licenses, but criticized the lack of computer generated checks.)

e. Person doing accounting work a primary co-signer of checks. With the termination of the outside accounting service, this practice has been terminated. This change is reflected in the minutes of the board meeting of June 27, 1995.

f. Petty cash balances and petty cash payments made to custodian of the account. Written policy is now in place to assure that petty cash balances will not exceed \$100 and also that petty cash checks be made to the petty cash custodian.

g. Fixed assets not reflected in financial reports. Policy is now in place to include fixed assets in the interim financial reports and to reconcile between general ledger and property control report.

h. No policy in effect concerning hours worked by contractors and employees. The only full time, unclassified employee is required to maintain a daily log of hours worked and leave taken. Relative to contract employees, the board reinforced the position it took in the chairman's letter of September 25, 1995, (copy enclosed) to the auditor relative to the contract nature of this aspect of the operation and its position relative to these employees, and particularly the Executive Director, being engaged to accomplish the specified areas of assignment without being required to record hours worked. Written policy is now in place relative to the full time employee which is derived from State Civil Service Rules applicable to state employees.

i. Cash disbursements not always dated on date disbursement is made. Policy is now in place to require all disbursements to be dated on the date the disbursement is made.

3. Professional Services Contracts.

a. Employee or independent contractor. At the meeting of the board on November 8, 1995, the board reviewed the observations the auditor made relative to professional service contracts. In particular, the board reinforced its position as related to the auditor in the chairman's letter of September 25, 1995, (copy enclosed) stating its intention in engaging the services of the part time Executive Director and affirmed that position and read the letter into the minutes of the meeting. As recommended by the auditor, the board considered IRS Publication 937 and Form SS-8, and concluded that the previous decision of the board relative to this contract was correct relative to the person presently engaged under this contract. At that meeting, the board also made modifications in the contract to further reinforce its position relative to the part time Executive Director and also the part time Inspector. The board verified that both the Executive Director and the Inspector are paying quarterly self employment tax.

b. Medicare tax. Medicare tax is now being withheld and matched for the one full time employee.

4. Code of Ethics.

Engaging former board member as part time employee and/or contractor. The board is now cognizant of the provisions of the Code of Ethics as relates to the employment of board members within two years of their membership on the board. The present contract for the part time inspector who was formerly on the board will expire on December 31, 1995. Before initiating any new contracts or renewal of the existing contract with present or former board members, the board will further review the provisions of the Code of Ethics and will seek an advisory opinion from the Board of Ethics as recommended by the auditor.

The board noted in its response to the auditor on this matter that the person in question was no longer a member of the board when the decision to engage his services on a part time basis was made, nor did he participate in the deliberation on the matter or vote thereon. The board noted the similarity in this situation with that of the present Executive Director of the State Employees Group Benefits Program, who resigned from that governing board and was immediately appointed to be its full time Executive Director. The situation of the board's Inspector differs somewhat from the Group Benefits situation in that the Inspector takes no parts in decision making relative to the ongoing business of the board and is in no way involved in any policy making decisions which apply to the licensing process.

5. House Concurrent Resolution 174 of 1989.

The fund excess accumulated during the early operation of this board. The law requiring licensing was enacted on July 11, 1988. The board was established by that act and the first board members were appointed on July 25, 1988. Upon the establishment of the board, those original members met and set a licensing fee based on an amount representative of fees set by boards already involved in the licensing process. The board began the process of issuing licenses and collecting fees in September of 1992. The activity was carried out largely through the efforts of individual board members who enlisted the services of part-time and intermittent employees.

Each board member put up "seed money" from their personal funds to provide for funding until a cash flow could be established.

Licensing continued in this fashion for the first few years of operation. During that time, income greatly exceeded expenditures, in that the procedure had not been firmly established and there was no full time staff. The board was endeavoring to meet both federal and state licensing requirements, and they did this through their individual efforts along with hourly wages paid for clerical personnel as needed.

Now the board is in a firm operating posture, engaging the services of one person on a full-time basis and two persons on a part-time, contract basis. With the annualization of these services for the first time during this fiscal year, it is anticipated that the cost of operation will exceed revenues by some \$5,300, with revenues of \$77,200 and expenditures of approximately \$82,500. For the most part, revenues are limited to the months of December and January when license renewal fees are due. From January through the early part of the year, it will appear that the reserve is excessive; whereas, during the later months of the year, there will appear to be a deficit.

Also of significance to the matter of the surplus is the fact that during the current operating year, there have been 111 license cancellations, while there were only fifty-five new licenses issued, for a net loss of fifty-six licensees. When this is annualized in 1996, there will be a net loss in income of \$11,200. Added to the present difference in expenditures over income, this has the potential to reduce the fund balance by approximately \$16,500 each year. In the present mode of operation, there will be no corresponding decrease in operating expenditures.

At the now-established level of operation, the surplus will diminish annually to the point that within as little as four years, it will be necessary to increase the annual licensing fee to retain the present level of operation. Should the board experience a similar rate of license cancellations in the future, it would be necessary to consider increasing license fees in the very near future to generate sufficient funds to maintain the operation.

It is through this process that the surplus that has accumulated during the early years of operation will be diminished. It appears that it is in the best interest of the board and the state of Louisiana to handle the matter in this fashion rather than increasing expenditures at this time; we feel that for the present, our staffing and equipment are adequate.

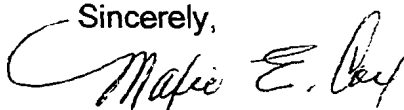
We have a related concern regarding the fund balance. In the case of *Ferndale Laboratories, Inc. v. Robert B Cavendish, et al.*, a decision of the United States District Court for the Northern District of Ohio, the court ruled that the state of Ohio could not impose licensing fees on out-of-state wholesale drug distributors located outside of the state boundaries of Ohio (copy enclosed). The Ohio licensing law is very similar in content and intention to the Louisiana law governing the wholesale distribution of legend drugs, both having originated with the Federal Prescription Drug and Marketing Act of 1987.

If the Supreme Court of the United States upholds the decision in the Ohio case, this board will be limited to licensing those distributors and manufacturers domiciled in the state of Louisiana. At present, we have fifty-five licensees domiciled in Louisiana. Under the present fee structure, this board would realize revenues in the amount of approximately \$11,000 each year -- hardly sufficient to provide minimum services

required by federal and state laws. In that the board must follow set procedures established in the Administrative Procedures Act, a fee increase would necessarily require a considerable time lapse. In such case, the board would use up some of the accumulated surplus to operate in the interim. We would hope that this would not happen, at least not within the next few years when the surplus would have been already reduced by normal operating expenses.

I trust that this reply has sufficiently answered your questions. We appreciate your concern and assure you that we are ready to modify the board's operations to be in complete compliance with any applicable laws, rules and regulations. Should you have additional questions or require further clarification, please do not hesitate to call on me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maxie E. Cox". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Maxie E. Cox
Executive Director



LSUE

The Community College of Acadiana

October 16, 1995

Office of Business Affairs
Louisiana State University at Eunice
P. O. Box 1129
Eunice, Louisiana 70535
(318) 457-7311
(318) 546-6620 (FAX)

Dr. Daniel Kyle
Legislative Auditors Office
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The following is our response to the audit finding listed in the memo dated October 5, 1995:

Due Diligence

We concur. Billing notices will be mailed as prescribed by the U. S. Department of Education. Also, we will obtain the services of a Credit Bureau.

Sincerely,

Arlene Tucker
Vice Chancellor

AT:pdt

c: Dr. Bill Richardson
Mr. Bill Wells



LSUE

The Community College of Acadiana

November 10, 1995

Office of Business Affairs
Louisiana State University at Eunice
P. O. Box 1129
Eunice, Louisiana 70535
(318) 457-7311
(318) 546-6620 (FAX)

Dr. Daniel Kyle
Legislative Auditors Office
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The following is our response to the audit finding listed in the memo dated November 7, 1995:

Under Reported Pell Grant Awards

We concur. Every effort was made by Louisiana State University at Eunice to obtain reimbursement for payment made to these eligible Pell Grant recipients. Ongoing communication with the U. S. Department of Education was not fully resolved until after the auditors had completed their work on the 1993 audit. The 1994-95 audit is the earliest that this situation could have been reviewed through the audit process. Louisiana State University at Eunice will continue to make careful review of transactions as they are transmitted to the Department of Education on actual Federal Pell Grant payments.

Sincerely,

Arlene Tucker
Vice Chancellor

AT:pdt

c: Mr. Bill Wells
Chancellor Richardson
Ms. Gracie Guillory



LSUE

The Community College of Acadiana

October 16, 1995

Office of Business Affairs
Louisiana State University at Eunice
P. O. Box 1129
Eunice, Louisiana 70535
(318) 457-7311
(318) 546-6620 (FAX)

Dr. Daniel Kyle
Legislative Auditors Office
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The following is our response to the audit finding listed in the memo dated October 5, 1995:

Promissory Notes

We concur. We are now using the correct promissory note approved by the U. S. Department of Education for Loans made after June 30, 1993. In addition, we will have the borrower sign the note before funds are released.

Sincerely,

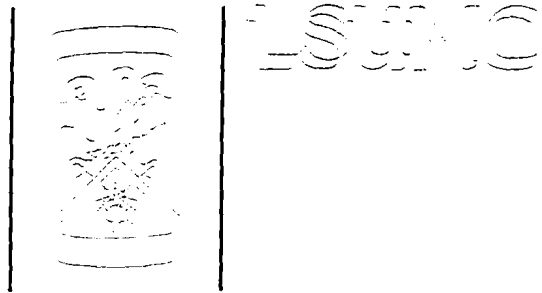
Arlene Tucker
Vice Chancellor

AT:pdt

c: Dr. Bill Richardson
Mr. Bill Wells

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

2020 Gravier Street
New Orleans, LA 70112-2234
Telephone: (504) 568-5900



Professional Practice Association

MEMORANDUM TO: Dan Kyle, Ph.D., CPA
Legislative Auditor's Office

FROM: Victor Kazim
Executive Director

REF: 1995 Audit

DATE: September 6, 1995

I have attached our management responses to the issues raised by your 1995 audit for your review.

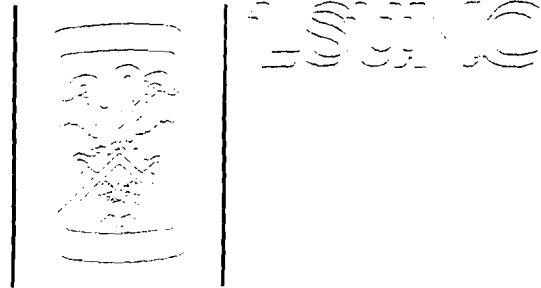
VK/srg

xc: Mervin Trail, M.D., Chancellor
Robert Daniels, M.D., Dean
Robert Plaisance, Assistant Dean

A handwritten signature in cursive script, appearing to read 'Victor Kazim', is written in the right margin of the document.

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

2020 Gravier Street
New Orleans, LA 70112-2234
Telephone: (504) 568-5900



**Professional Practice Association
Credit Balance Accounts**

During the fiscal year ended 6/30/95, we started an effort to reduce credit balances as a relative per cent of the accounts receivable total.

Fiscal Year ended 6/30/95 had 5,057 refund checks issued for a total of \$768,570. The previous year had 4,220 checks issued for \$565,835. The increased dollars refunded equalled 36% and the number of refund checks increased equalled 20%. Revenue increased by about 6% during this same period.

Nevertheless we agree we must increase our efforts to reduce overall credit balances further.

Presently the credit balance total of \$966,972 represents approximately 3½% of accounts receivable total at year end.

Our goal would be to reduce credit balances to under 2% of accounts receivable. We will strive to achieve that goal over an 18 month period by added assignment of personnel and an emphasis on the goal. We have recently hired a third person.

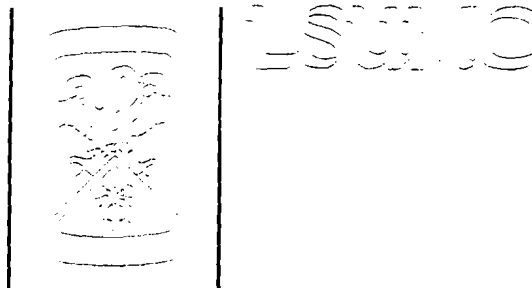
An aging of the credit balances reveals 1989 and sooner of which \$128,420 is preconversion.

Year	Amount
1989	\$ 150,797
1990	103,585
1991	104,908
1992	36,306
1993	52,350
1994	212,302
1995	<u>306,724</u>
	<u>\$966,972</u>

We plan to immediately transfer the preconversion accounts with credit balances to the appropriate state agencies.

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

2020 Gravier Street
New Orleans, LA 70112-2234
Telephone: (504) 568-5900



Professional Practice Association

Credit Card Account Not Reconciled

We were made aware of the improper reconciliation of the credit card account in December.

We acknowledge this short coming and have instituted procedures to reconcile the account on a systematic and timely basis.

The account was reconciled as of August.

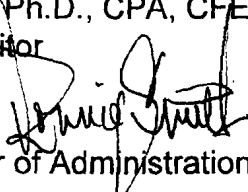
**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

Suite Number 811
433 Bolivar Street
New Orleans, LA 70112-2223
Telephone: (504) 568-5135
or: (504) 568-6300
FAX: (504) 568-7399

Office of the Vice Chancellor
for Administration and Finance

August 31, 1995

TO: Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

FROM: Ronnie Smith 
Vice Chancellor of Administration and Finance

SUBJECT: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE
CONDITION - PAYROLL/PERSONNEL CONTROLS

We appreciate the opportunity to respond to your finding and recommendation. We concur with the finding. However, of the 53 employees whose terminations were not timely recorded in the payroll system, only 6 were overpaid. Also, of the \$8,496 overpaid, \$2,583 was recouped from three of the six employees.

As stated in the management response to our internal audit report, mentioned in the reportable condition, we are nearing completion of the written policies and procedures to be included in the LSUMC Policy and Procedure Manual, which would include a section on processing terminations. When completed, they will be implemented and should correct the conditions noted.

cc: Mervin L. Trail, M.D.
Gary McMillen
Elbert Sylvest
Victor Pitcock

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

1501 Kings Highway
Post Office Box 33932
Shreveport, LA 71130-3932
Telephone: (318) 675-7655
FAX: (318) 675-7675

Administration and Finance

June 30, 1995

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P.O. Box 94397
Baton Rouge, Louisiana 70804-9194


Dear Dr. Kyle:

We have carefully considered the findings of the Legislative Auditors charged with auditing LSU Medical Center in Shreveport's food service operations for the fiscal year ended 6-30-95. LSU Medical Center in Shreveport did inadvertently fail to notify the FDD of termination to the contract for Food Distribution Program (CFDA 10.550).

We have since notified Mr. Michael D. St. Romain, Director of the Food Distribution Division of our termination to the contract. We have submitted the necessary inventory reports, requested disposition of the remaining inventory, and returned all the remaining inventory. Currently we are in contact with the Food Distribution Division to determine if compensation is due them from LSUMC-S.

If you have any further questions or need additional information, please contact my office.

Sincerely,


Harold White
Vice Chancellor
for Business and Reimbursements

B-85

New Orleans
Louisiana 70148
(504) 286-6207

September 8, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1994-95 audit finding on time and attendance records:

The University is in the process of automating the Attendance-Leave records system on campus. Computer calculated balances will eliminate the addition and subtraction errors inherent in a manual record system. The automated system is now operational and is being tested in pilot departments; the entire campus will be on line to the system before the end of the 1995-96 fiscal year.

Regarding the 2 employees and 7 timekeepers that did not sign the time and attendance records, they were mostly intermittent event employees (8) at the Kiefer Lakefront Arena, and one departmental student worker. The Arena has strengthened its internal controls to ensure that this does not occur in the future: all time cards and timesheets will be signed before being submitted for payment. The department cited for not signing the student worker daily time sheet has been reminded to ensure that all such daily timesheets are signed in the future. The student worker's monthly timesheet submitted to payroll was properly signed by his supervisor, and the student was properly paid.

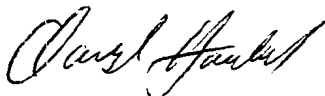
The effect of the two of 30 employees whose records contained subtraction errors was an understatement of 3 hours of annual leave for one employee and an overstatement of two hours for the other employee. These errors have been corrected.

Management continues to enforce University policies, conducts ongoing training programs, and provides for an extensive internal audit program. During the last 24 months, our internal audits have covered records of over 1200 employees, assuring us that the errors cited are very isolated incidents. The current leave records system, a totally manual system, is the cause of these

Dr. Kyle
Page 2 of 2
September 8, 1995

inadvertent errors. As mentioned above, this manual system is being totally replaced by a computerized system.

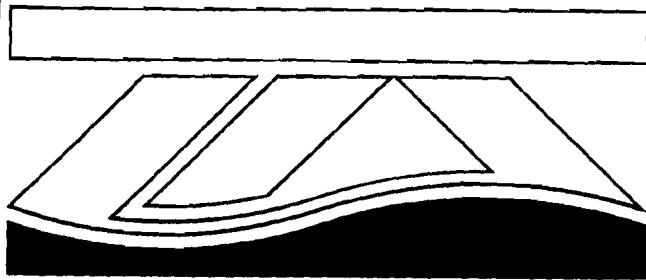
Sincerely,



Daryl Hankel
Manager, Internal Auditing and
Systems Development

cc Louis Paradise, Vice Chancellor of Academic Affairs and Provost
Patrick Gibbs, Vice Chancellor of Business Affairs
Henry Dillon, Director of Human Resource Management

audit95.1



SENATOR NAT G. KIEFER
UNO LAKEFRONT ARENA

December 15, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
P O Box 94397
Baton Rouge LA 70804-9397


Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1994-95 audit finding on the procurement practices at the Kiefer UNO Lakefront Arena:

We concur with the audit finding and recommendations.

We will insure that all Arena personnel will adhere to the Louisiana procurement code. Also, Arena management will adhere to the established control procedures relating to Arena events revenues, cash advances, and movable property.

Sincerely,


George Lewis
General Manager

/lt

Office of Accounting Services

New Orleans

Louisiana 70148

(504) 286-6211

September 8, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

The University's management response to the fiscal year 1994-95 audit finding on Receivables is as follows:

A review of the audit findings related to receivables for 1993 and 1994 as compared to the 1995 finding reflects, as noted by the Legislative Auditors, that the University has made improvements in the areas cited in the past. As we stated in the 1994 response, the combination of the full-time efforts of the Accounts Receivable Manager, use of outside agencies for the collection of older debts, the procedural modifications and the fully operational student account system and certain policy changes will resolve the current problems. However, due to the length of the account receivable write-off cycle, a period of time is necessary for the effectiveness of these changes to be fully realized.

In addition the University's contracts with outside collection agencies became effective in Spring 1995. Therefore many of the past due accounts had not been assigned to the agencies at June 30, 1995. As the outside agencies attempt to collect on these older accounts, management will determine on an ongoing basis whether these delinquent accounts are uncollectible. This will allow the accounts to be considered for write off earlier in the cycle, and will reduce the volume of delinquent accounts to a manageable level.

The University is also reviewing its receivable policy. One particular policy matter under review is the practice of deferring fees for students based upon the anticipation of their receipt of financial aid.

We understand from Mr. Booker that these findings are subject to further review and approval. If the finding is revised before the final report, we request the opportunity to review and change our response if necessary.

Sincerely,



Roy S. Traylor

Director

Office of Accounting Services

Office of Accounting Services

New Orleans

Louisiana 70148

(504) 286-6211

September 8, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

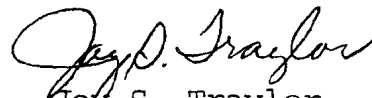
Please find below the University's management response to the fiscal year 1994-95 audit finding on refunds to the Title IV programs:

The University is continuously attempting to comply with the Code of Federal Regulations regarding refunds of Title IV funds. The finding relating to the university refund calculation being used as opposed to the prorata refund was due to an inadvertent error when the withdrawal record was completed. Procedural changes have been made in the Student Financial Aid office to ensure that this type of error can be avoided.

Changes in the Title IV refund regulations can create misinterpretations of the guidelines. This was the situation with the failure to use Appendix A work sheets on all resignations. In the future the Accounting Services office will prepare an Appendix A form on all resignations.

Also noted in the finding was the delay in remitting student refunds. After reviewing the University's procedures on refunds, we have determined that a report generated monthly is required on a weekly basis in order to calculate refunds for first time financial aid recipients. We are revising these procedures to ensure that refunds are returned within the 30 days as required by the Code of Federal Regulations.

Sincerely,



Joy S. Traylor
Director

Office of Accounting Services



Jocelyn Green
Acting Director

Office of Student Financial Aid

New Orleans
Louisiana 70148
(504) 286-6207

December 15, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1994-95 audit finding on the segregation of duties over cash receipts at the Bookstore, Metro Downtown, and Student Housing:

We concur with the audit finding and recommendations.

The Bookstore manager has revised procedures for cashiers to ensure that no more than one employee is assigned to a cash register. Furthermore, the cashiers will balance their cash collected to the cash register tapes, and document the amount before leaving the bookstore. Any discrepancies greater than \$20 will be reported immediately to the Bookstore Manager. Sealed deposits will continue to be verified by the bank in order to eliminate an additional handling of cash.

The Dean of Metropolitan College has met with the Director of the Downtown Center to ensure that the proper segregation of duties is addressed. In addition, all employee cash handling procedures at Metro Downtown are currently being reviewed and updated. Internal Auditing will follow up to ensure procedures are adequate and that they are followed.

All internal accounting and cash handling control procedures at the Student Housing office have been reviewed and revised, as detailed in our report which was forwarded to your office.

Sincerely,



Daryl Hankel,
Manager, Internal Auditing and
Systems Development

New Orleans
Louisiana 70148
(504) 286-7187

December 15, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

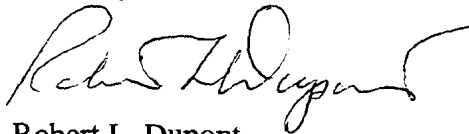
Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1994-95 audit finding on timely deposits of the Metro-Downtown Center participant fees:

We concur with the audit finding and recommendations.

I have met with the Assistant Dean and Director of the Metro Downtown center, and his Assistant for Account Services to review current procedures regarding the timely deposit of participant fees. Furthermore, all staff involved in the collection and deposit of fees will attend training sessions to ensure that deposits are made timely, i.e., the next day after receipt. The Assistant Dean will monitor these procedures to ensure timely deposit of funds, and any delays in depositing will be reported to me.

Sincerely,



Robert L. Dupont
Dean

State of Louisiana




EDWIN W. EDWARDS
GOVERNOR

JACK McCLANAHAN
SECRETARY

DEPARTMENT OF NATURAL RESOURCES

MEMORANDUM

TO: Mr. Daniel G. Kyle
Legislative Auditor

FROM: Robert D. Harper
Undersecretary 

DATE: August 16, 1995

SUBJECT: Comments Concerning Department's Electronic Data Processing Controls

In accordance with your request of July 17, 1995, the following response is provided:

1. Approximately 74 terminals are incapable of masking passwords, thus creating a potential security risk.

During May of 1995 the department ordered enough personal computers to replace the 74 terminals incapable of masking passwords. The department will complete the installation of the computers and training of personnel by September 15, 1995.

2. A test database does not exist. Production files must be used for tests.

The Department of Natural Resources is in the process of converting the present UNISYS based legacy systems to a relational database utilizing a client server architecture. To this end a consultant was retained in May of 1995 to perform a business process analysis of the present data processing systems.

The Department estimates that to construct a test database for the present system would cost approximately \$49,468. The expenditure of this magnitude to attempt to correct this deficiency in the existing system while making preparation to

Mr. Daniel G. Kyle
August 16, 1995
Page 2

migrate to a totally new system is not cost beneficial. Also as the Department is planning this migration we are attempting to limit all non-essential changes to present systems.

Please rest assured, however, in our new system this matter will be addressed.

3. Certain batch programs do not account for all additions, changes, and deletions to database files.

The Department of Natural Resources is in the process of converting the present UNISYS based legacy systems to a relational database utilizing a client server architecture. To this end a consultant was retained in May of 1995 to perform a business process analysis of the present data processing systems.

The Department estimates that to correct batch programs to account for all additions, changes and deletions to database files for the present systems would cost approximately \$24,320. The expenditure of this magnitude to attempt to correct this deficiency in the existing system while making preparation to migrate to a totally new system is not cost beneficial.

Please rest assured, however, in our new system this matter will be addressed.

RDH/mg

c: Jack McClanahan, Secretary

Verlie Wims, Fiscal Officer
Fiscal & Budget Division

Joe Culbreath, Director
Information Processing Services Division

(FILE:ACCOUNTDPAUDIT)



Nicholls State University

November 17, 1995

Daniel G. Kyle, Ph.D., CPA, CPE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
P. O. Box 94097
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

Below is the response to the audit finding listed below as a result of the audit of the financial records of Nicholls State University for the period ended June 30, 1995.

FINDING: ACADEMIC SUCCESS GRANT

RECOMMENDATION: Nicholls should take the necessary steps to accumulate supporting data in a timely manner to ensure that reports are filed timely.

RESPONSE: The program director for the Academic Success grant has taken the necessary steps to ensure that the final performance report is submitted by the due date as specified in the grant.

Please do not hesitate to call if you have any questions regarding this matter.

Sincerely,

Mike Naquin
Controller

sbw



Nicholls State University

November 16, 1995

Daniel G. Kyle, Ph.D., CPA, CPE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
P. O. Box 94097
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

Below is the response to the audit finding listed below as a result of the audit of the financial records of Nicholls State University for the period ended June 30, 1995.

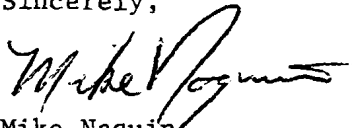
FINDING: FEDERAL MOVABLE PROPERTY REQUIREMENTS

RECOMMENDATION: The university should identify the movable property purchased with federal funds and record the source and percentage of federal participation in the movable property records.

RESPONSE: Now that our property office is on line with Property Assistance we have the capability of identifying the movable equipment purchased with federal funds.

Please do not hesitate to call if you have any questions regarding this matter.

Sincerely,


Mike Naquin
Controller

sbw



Nicholls State University

November 16, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Regarding the audit of Nicholls State University's Office of Financial Aid for fiscal year ended June 30, 1995, we submit the following management response to the audit finding and recommendation.

FINDING:

The University failed to retain copies of Federal Family Education Loan (FFEL) loan applications or hard copies of electronically submitted data in student files.

RECOMMENDATION:

Nicholls State University should comply with the Code of Federal Regulations and maintain a copy of loan applications or be able to produce a hard copy of the data electronically submitted.

MANAGEMENT RESPONSE:

Nicholls State University agrees with the recommendation. We have developed procedures whereby printed copies of all electronically submitted data can now be placed in a student's file. With guidance from those guarantors with whom we transmit borrower data electronically, we are presently utilizing this procedure, and we will continue to do so in the future.

Sincerely,

Allison A. Kleinpeter
Financial Aid Director

AAK/gec



Nicholls State University

November 16, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Regarding the audit of Nicholls State University's Office of Financial Aid for fiscal year ended June 30, 1995, we submit the following management response to the audit finding and recommendation.

FINDING:

The University did not calculate refunds and repayments to Title IV Programs properly.

RECOMMENDATION:

Nicholls State University should comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. To achieve this, it is suggested that the University personnel responsible for Title IV refunds and repayments become more familiar with the federal regulation and the University's policies and procedures for making refunds.

MANAGEMENT RESPONSE:

Nicholls State University agrees with the recommendation. We have attempted to remain timely in our knowledge of refund and repayment regulation. This has been a very volatile area of Title IV Program regulations. We have solicited the assistance of computer software to aid us in calculating refunds and repayments. This software is to provide us with the tools necessary to ensure that the greatest refunds allowable under the law are granted to students within the realm of federal regulation. We have also taken steps to correct any errors which may have been uncovered in this finding. We will continue to keep abreast on regulatory changes regarding refunds and repayments, and we will be certain to attend all Federal Workshops and other informational conferences.

Sincerely,

Allison A. Kleinpeter
Financial Aid Director

AAK/gec



Nicholls State University

November 16, 1995

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Regarding the Federal Program Review of financial aid programs, for the two-year period from July 1, 1991 to June 30, 1993, conducted during the week of August 8-12, 1994, we submit the following management response.

MANAGEMENT RESPONSE:

We concurred with the findings and recommendations cited in the Federal Program Review. All corrective actions taken are indicated at the end of each compliance matter. On December 16, 1994, the U.S. Department of Education, Region VI, forwarded notification to Nicholls State University stating that final determinations had been made, all outstanding findings had been resolved, and the report had been closed.

Our internal controls have been improved in each of the areas listed in the Program Review Report, and we are confident that future reviews will indicate that we have been successful in implementing all corrective procedures.

Sincerely,

Allison A. Kleinpeter
Financial Aid Director

AAK/gec



Nicholls State University

November 16, 1995

Daniel G. Kyle, Ph.D, CPA, CPE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
P.O. Box 94097
Baton Rouge, LA 70804-9397

Dear Dr. Kyle,

Below is the response to the audit finding listed below as a result of the audit of the financial records of Nicholls State University for the period ended June 30, 1995.

FINDING: UPWARD BOUND PROGRAM

RECOMMENDATION: The university should obtain approval from the Secretary to waive the requirements of a full-time director.

RESPONSE: As stated in the latest on-site visit report conducted by the Department of Education on 12/1/88 by Mr. Matthew Taylor, it is stated that the Project Director, whose salary is paid 100 percent from the grant must not teach for the university. The project should reflect the true amount of time being spent by the Director in project activities. If the director, however, must teach or perform other duties for the university, he/she cannot be charged 100% to the project. The grant proposal as submitted and approved by the Department of Education also indicates that 10% of the grant director's salary will be paid by the univeristy. Nicholls State University feels that the necessary approvals were obtained that would allow the grant director to work 10% of his/her time for the university.

However, in the future, the grant director will no longer perform counseling services for Nicholls and will be the grant director full time with the grant paying 100% of her salary.

Please do not hesitate to call if you have any questions regarding this matter.

Sincerely,

Mike Naquin
Controller

mtb

B-100



Northeast Louisiana University
Vice President for Business Affairs
(318) 342-1961

Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

November 27, 1995

Dear Dr. Kyle;

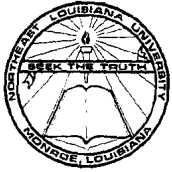
Northeast Louisiana University has already taken several steps to improve internal controls over all aspects of athletic fiscal operations. One of these steps has been the designation of an Auxiliary Enterprises Business Manager. One of the Business Manager's primary responsibilities is fiscal oversight of the Athletic Auxiliary Enterprise. The individual filling this position answers to my office. This position was established contemporaneously with the move to I-A football status. This change of status was accompanied with significant increases in game guarantee activity. Another change which occurred over the last twelve months was the designation of a new individual to manage ticket sales and the acquisition of a new ticket information system to better manage the entire ticket sales operation.

Management concurs that these moves towards greater internal controls will include the Business Manager being responsible for retaining all game guarantee contracts, collecting and depositing revenues associated with these contracts, and reconciling payments with contract stipulations with the aid of subsidiary records. All athletic revenues will be monitored and reconciled by this Business Manager. In addition, the individual in charge of ticket sales will keep records of ticket quantities printed and reconcile these records with ticket sales revenue. A formal directive has been issued to clarify these responsibility assignments.

Sincerely,

William Weirick

c: Lawson Swearingen, Jr.



Northeast Louisiana University
Vice President for Business Affairs
(318) 342-1961

Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

November 17, 1995

Dear Dr. Kyle;

The fiscal management of Northeast Louisiana University concurs with the need for better utilization of the financial reporting functions contained within its accounting system software. More complete utilization of financial reporting software will allow more frequent and easier reconciliations between ledger balances and financial statements.

Management continues to be committed to adopting procedures allowing as full a utilization of information system reporting functions as possible. Steps have already been taken to ensure the proper collaboration between the staffs of the Computing Center and Controller's Office which will achieve this result. An impending move to an improved version of the institution's accounting system will also facilitate the generation and utilization of system-generated reports.

We regret that the reconciliations between year-end ledger transactions and the financial statements prepared by the former Controller were misplaced. It is unfortunate that the assigned task of developing a system-generated financial report was not completed as scheduled.

The dedication and professionalism of existing staff allowed reconciliations to be recreated subsequent to the issuance of the financial statements. Management is committed to moving towards a more procedure-based approach to financial statement preparation and reporting. A more procedure-based approach which utilizes the full capabilities of the university's financial reporting functions should prevent this situation from recurring.

Sincerely,

A handwritten signature in cursive script that reads "William Weirick".

William Weirick

c: Lawson Swearingen, Jr.



August 4, 1995

Dr. Daniel G. Kyle, CPA
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to the finding on attendance reports for unclassified adjunct professors, cooperating teachers and supervising teachers, Northwestern State University submits the following:

The University has developed a time and attendance reporting system for these classes of employees and have implemented the monthly time and attendance reporting requirement. As an interim requirement, while developing the reporting capability and awaiting the delivery of machine readable reports, the University implemented the procedure of requiring each adjunct professor, cooperating teacher and supervising teacher and their supervisor sign, before disbursing to them their pay check, that they had worked their assigned employment schedule for the pay period.

The University conferred with its auditor concerning the procedure of requiring these classes of employees to certify they had worked their assigned employment schedule before check disbursement in lieu of time and attendance reports. Our auditor recommended authorization be granted from the System Staff. The University requested System Office review of the procedure. The procedure was not approved. The University consequently implemented time and attendance reporting requirements effective with the Summer Session.

Sincerely,

Dr. Robert A. Alost
President

RA/pc



September 5, 1995

Dr. Daniel G. Kyle, CPA
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to the finding on Electronic Data Processing Controls, Northwestern State University submits the following:

Previously identified weaknesses:

- 1) Duties and responsibilities of EDP staff are not adequately defined in their job description.

Previously submitted job descriptions of EDP staff which have been determined to continue to contain weaknesses are being reviewed by the Director of Information Systems. Where necessary, additional detail and clarity will be incorporated. This task will be completed by November 1, 1995.

- 2) The University does not have an EDP internal audit function.

A proposed resolution by the System Office to this weakness is to establish a System Office EDP internal audit function at the System level for System institutions.

- 3) The programmers occasionally served as operators during the period of this audit. According to the Computer Center, this was discontinued in March 1995, but there is no documentation to support this.

Programmers are restricted from operators' duties, and will continue to be so. A memo reminding the programming staff that they are not to serve as system operators was issued September 1, 1995, by the Director of Information Systems.

Additional identified weaknesses:

- 4) The University does not have a written systems development and documentation standards manual.

A systems development and documentation standards manual will be written and submitted for review and approval to University management by January 1, 1996. Upon acceptance of the manual by management, it will be implemented.

- 5) The University does not have written procedures for revisions and/or modifications to the existing system and applications.

Written procedures for revising and/or modifying the existing systems and applications will be completed by January 1, 1996, and submitted to University management for approval and implementation.

- 6) The University does not have written procedures in the event of a hardware failure or malfunction, nor does it log in the hardware failures/malfunctions with cause and resolution.

Based on this audit, the Computer Center will develop procedures for logging hardware failures with causes and resolution.

- 7) The University does not have a written policy and procedures manual.

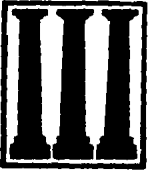
A written EDP policy and procedures manual will be completed by January 1, 1996, and submitted to University management for approval and implementation.

Sincerely,



Dr. Robert A. Alost
President

RA/pc



NORTHWESTERN
STATE UNIVERSITY OF LOUISIANA
Natchitoches, Louisiana 71497

Office of the President

Telephone (318) 357-6441
LINC 527-6441
FAX (318) 357-4223

August 8, 1995

Dr. Daniel G. Kyle, CPA
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle,

In response to the finding on the Title IV Funds Refunds and Repayments, Northwestern State University submits the following:

The Registrar and Student Financial Director have revised their procedures to provide for prompt and timely refund calculations. Procedures include a weekly reconciliation of resignations.

A new software system was implemented during the spring semester by Student Financial Aid to calculate refunds and repayments. This system is assisting in processing proper and timely refunds and repayments in accordance with the Code of Federal Regulations and is being monitored daily by the Financial Aid Director and staff to assure compliance.

Sincerely,

Dr. Robert A. Alost
President

RA/le

The Board of Commissioners

OF THE

Orleans Levee District

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NEW ORLEANS LAKEFRONT AIRPORT

TEL: 504-243-4000

New Orleans, La.

70126

September 8, 1995

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Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

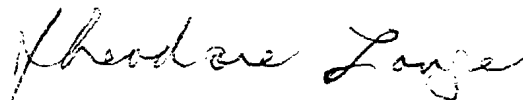
Re: Bonding and Liability Insurance

Dear Dr. Kyle:

The Orleans Levee District (OLD) has recognized the need for contractual insurance over the OLD Law Enforcement Operations. An industry search has been conducted for the past several years through the OLD insurance agents/consultants who contacted several major admitted carriers. As of this writing, the OLD has recently issued a Request For Proposal (RFP) for this line of coverage. The Proposals were opened on Friday, August 25, 1995, with two responses; one proposal offered a package from which single line coverage can be purchased (unbundled), and the other proposal offered a package, only, coverage including Police liability which cannot be unbundled. The proposals have been reviewed by the Insurance Committee on Tuesday, September 05, 1995, and forwarded, without recommendation, to the Regular Board Meeting on Wednesday, September 20, 1995, for review and appropriate action.

For the Performance Bond, telephone bids are being solicited through both of the Board's Insurance Consultants.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/bnv

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney
Carol Kiefer, Auxiliary Services Director

The Board of Commissioners

OF THE

Orleans Levee District

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New Orleans, La.

70126

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PROTECTING YOU
AND YOUR FAMILY

September 12, 1995

Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

RE: Data Processing Procurement

Dear Dr. Kyle:

The Legislative Auditor is commenting on an observation concerning the consultant contract for automated computing services as indicated in the captioned subject.

The procurement of computer hardware represents a component purchase dependent on the software requirement both of which were acquired through a formal RFP process. In the typical procurement process for automated applications, the software must be the determining factor with the hardware platform/network topology meeting the best functionality for the selected software application. The purchase followed the recommendation of the Legal Department and Ad Hoc Computer Steering Committee after review, analysis, and evaluation of the entire process, concepts, documentation and procurement. The purchase is further based on Legal Counsel's opinion/statement supporting and recommending a "turn-key" acquisition of interdependent software and hardware. The advisement from Legal Counsel follows State Statutes permitting the utilization of a Turn-Key acquisition whereby vendors and equipment are on State contract. The District would necessarily elect to exercise discretionary authorization in the selection process, which would be in the best financial interest of the procuring agency.

Furthermore, since the hardware is on State contract, the re-bidding or return of such equipment would appear to be financially impractical particularly with available documentation indicating the absence of any savings by such actions.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA
RE: Data Processing Procurement
September 12, 1995
Page 2

The Auditor is requested to re-evaluate the comment in-terms of obtaining a specialist with the necessary expertise to aid in the evaluation of the complex procurement process for the District's automated system requirements.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/cjj

Xc The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney

The Board of Commissioners

OF THE

Orleans Levee District

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6001 SOUTH SHORE HARBOR BLVD.

New Orleans, La.

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August 30, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

**RE: Donation and Loan of
Public Funds**

Dear Dr. Kyle:

In response to the audit finding concerning the captioned subject, the Orleans Levee District provides the following:

MANAGEMENT RESPONSE:

The Auditor has commented on two observations concerning payments for services and a possible employer/employee relationship. The responses will be designed in three parts as follows:

1. **Payments for services** - by Resolution No. 11-111688, the Board authorized the contracting of an individual possessing unique administrative, paralegal and clerical skills for independently compiling, indexing, filing, computerizing and tracing of numerous claims for return of Bohemia Spillway land, related matters and other special projects as deemed necessary requiring such unique skills. The requirement for such services continues as an on-going requirement due to the present numerous civil suits pending that require file access on a regular basis in pursuit of discovery and exhibit preparation by OLD Counsel for both plaintiffs and defendants. The requisite knowledge for these on-going suits require the continuation of the services of the contractor. Additionally, the contractor provides other services covering contract review and organization, preparation of draft pleadings, organization and maintenance of legal files and court diary maintenance.

Board of Commissioners
Orleans Levee District

Dr. Daniel G. Kyle
RE: Donation and Loan of Public Funds
August 30, 1995
Page 2

Accordingly, compensation for such specialized services by the District is considered fair and just under the circumstances. Furthermore, the Personnel Department has expended considerable time and effort attempting to recruit through the Civil Service system a classified position that could fully address the same level of services as that provided by the contractor. The District has attempted to place a classified position since May, 1995 and has not been successful due to typically low pay grades and lack of multi-level experience as required.

As previously stated, compensation as paid is considered fair and just for the services rendered as well as considering that the contractor has no additional benefits provided as would be available to a classified position.

On the matter of advance payments, the District will address this observation with appropriate actions.

2. **Employer/employee relationship** - the contractor is engaged in a sufficiently independent manner pursuant to the contract that would appear to preclude such a relationship. However, the District will pursue the possibility of such a relationship as observed by the Auditor.
3. **Payment retro-active contract** - the amount paid by the District recognized the additional work load delivered by the contractor for the retro-active period and considered such as fair and just compensation under the circumstances. The action as taken was also deemed appropriate and with the concurrence of the District's Legal Counsel.

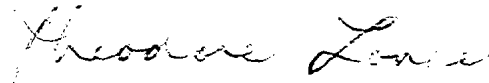
Board of Commissioners
Orleans Levee District

Dr. Daniel G. Kyle
RE: Donation and Loan of Public Funds
August 30, 1995
Page 3

As an alternate for addressing additional services, the District will take under consideration the option of a Supplemental Agreement in the event that the contractor is requested to perform any such additional services.

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/cjj

Attachment

xc: The Honorable Robert G. Harvey, Sr., President
Ulysses Williams, Assistant Director
Mary E. Herbert, Assistant Comptroller
Gary Benoit, Staff Attorney
Emile Schneider, Acting General Counsel

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
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New Orleans, La.

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PROTECTING YOU
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September 19, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative of Auditors
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Ethics Violation

Dear Dr. Kyle:

The Auditor observations regarding a possible violation of the provisions of the Louisiana Code of Governmental Ethics and Attorney General Opinion relative to certain automated computer consulting services for selection of computer software will be called to the attention of the Acting General Counsel for review and comment thereon.

The Management response is as follows:

The appearance of a "personal substantial economic interest" by the consultant does not mean there was an actual interest that resulted in any measure of benefit back to the consultant. Understandably, the use of a consultant for the specialized services for computer system software procurement was an additional service provided that was not available within the District's staff resources. Such services were rendered from the Request For Proposal (RFP) phase through the selection phase prior to entering any Reseller Agreement and with no commissions of any amount received from such vendor selection. The "commission" in-effect was a reduction in cost passed on to the District at time of purchases without any benefit to the consultant.

Furthermore, the issue on commissions, past, present and future has been addressed in an independent letter of confirmation from the software vendor, Regional Manager, to the Legislative Auditor In-Charge of this engagement.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
Re: Ethics Violation
September 19, 1995
Page 2

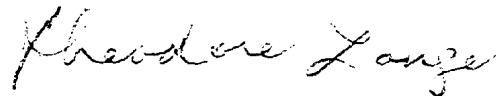
The specific reasons that the automated computer consultant entered into a Reseller's Agreement was based on two critical points:

- . allows consultant to work directly on the software system applications
- . real savings realized in acquisition costs (30% discount)

The District's management will request that the Legal Counsel review this matter and determine if further action should be taken with the State Ethics Board.

Thank you for your time and consideration in this matter.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/cjj

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney

The Board of Commissioners

OF THE

Orleans Levee District

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PROTECTING YOU
AND YOUR FAMILY

August 29, 1995

Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

RE: INCOMPATIBLE OFFICES

Dear Dr. Kyle:

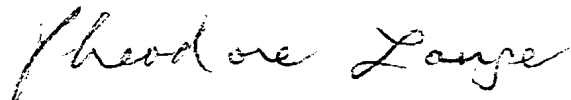
In response to the audit finding concerning the captioned subject, please find attached the reply of the Acting General Counsel in the capacity of the Board's Legal Counsel and that of the FloodComm General Counsel.

As this matter now revolves around the By-laws of the FloodComm Corporation and certain legal issues concerning certain statutory requirements, the Board's management offers no further comment other than that provided by Legal Counsel.

Should there be any further communication on this subject, the Board's Legal Counsel will be available for assistance.

Thank you for your time and attention to the foregoing.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/cjj

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney

Board of Commissioners
Orleans Levee District

RESPONSE TO LEGISLATIVE AUDITOR

RE: INCOMPATIBLE OFFICES

In consideration of Opinions of the Attorney General Nos. 94-471 and 94-471A, the Board of Directors of FloodComm Corporation met on July 19, 1995 for the purpose of accepting the resignation of all Directors who were also Commissioners of the Orleans Levee District. The resignations are effective upon the selection of their replacements. The de facto Directors intend to take no substantive action prior to being replaced.

The new Directors have not as yet been named due to a possible conflict between sections of the above stated opinions. The Attorney General acknowledges that the corporation was legally and properly constituted pursuant to the statutory requirements concerning formation of a public benefit corporation. Those statutory requirements provide for appointment of Directors for terms up to five (5) years. However, the opinions also finds the Directors to be "public officers" limiting their term to concurrence with the membership of the OLD.

The Board's attorney has been instructed to consult with the Attorney General regarding the conflict. The OLD will comply with the decision of the Attorney General as to the duration of the Directors' term.

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

TEL: 504-243-4000

New Orleans, La.

70126

October 12, 1995

PROTECTING YOU
AND YOUR FAMILY

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Investment Controls

Dear Dr. Kyle:

The observation by the Legislative Auditor concerning the captioned matter has been reviewed by Executive Management with appropriate actions to be taken within the District's framework of investment policies, procedures and controls.

The Management Response is as follows:

1. The Executive Management does not agree with several of the comments of the Auditor regarding Management's emphasis on the investment function and exposure to unnecessary risk, errors, irregularities, etc. There is in place, an approved working procedure for the District's banking and investments that has been utilized since the engagement of the investment advisor at January 1, 1993.

The reference to unnecessary risk implies that the District did not have any working policies, procedures or controls established covering banking and investments. This is not a fair and accurate assessment by the Auditor. At no time during the audit year was there an instance of any transaction that was not recognized and recorded for the assertions of existence, occurrence, rights, completeness, valuation, etc.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
RE: Investment Controls
October 12, 1995
page 2

2. The administering of all control structure functions within the District's account activities for receipts and disbursements is managed through the major control accounts in the Working Trial Balance/General Ledger. The balancing, reconciliations, adjustments, transfers, etc. are accomplished within the limited available personnel resources of the Finance Department that has experienced serious staff shortages such that timely record keeping as well as separation of duties is not available under the circumstances. Although the District is aware of such inadequacies of timeliness and separate duties, only so much can be achieved with a limited staff. Additional control measures are exercised wherein the financial advisor prepares a quarterly report on the investment portfolio activities to the Finance Committee and to the Board.
3. The Executive Management will review and take appropriate actions regarding the authorization of security trades, buys and sells, in conjunction with the financial advisor.
4. The Executive Management has taken appropriate actions with State Civil Service for purposes of establishing an Investment Officer position that will be directly involved with the District's banking and investment functions. The position request has been placed with State Civil Service since October 12, 1994, and reworked between the District and Civil Service several times to the present writing.

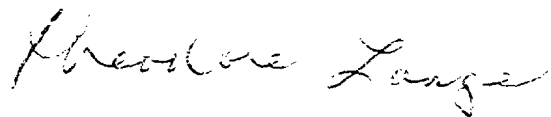
In considering the fiduciary responsibility for the proper administration of public funds, the District has recognized the need to improve and strengthen upon existing banking and investment policies, procedures and controls by way of the new investment officer position and filling other related position shortages in the Finance Department.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
RE: Investment Controls
October 12, 1995
page 3

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/bnv

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Ulysses Williams, Assistant Director
Mary E. Herbert, CPA, Assistant Comptroller
Cynthia Taylor, Personnel Director

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

TEL: 504-243-4000

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY

September 12, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Legal Services Contracts

Dear Dr. Kyle:

The Auditor observations regarding several discrepancies relative to certain legal services contracts will be called to the attention of the Acting General Counsel and the President.

The Orleans Levee District (OLD) has accomplished certain of the Auditors prior observations regarding discontinuing advance payments, requiring itemized billings and detail supporting documentation, improved adherence with prescribed hourly rates and obtaining letters of understanding.

In the current audit period, the Auditor has produced two observations as relates to letters of understanding and hourly rates for professional legal services.

The Management Response will be designed in the following narratives:

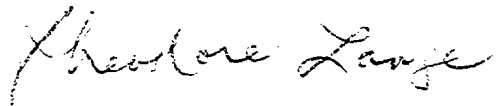
1. The OLD has received or will receive letters of understanding for all legal services agreements which are presently engaged for on-going work or on an as needed basis. At this writing, there are no engagements that are pending the delivery of executed engagement letters as previously requested.

Board of Commissioners
Orleans Levee District

Dr. Daniel G. Kyle
RE: Legal Services Contracts
September 12, 1995
Page 2

2. The OLD had recently conducted an internal review of the hourly rates as charged that fall within the prescribed Attorney General rates, that documentation will be presented for further audit review. In any instances where hourly rates were paid in-excess of prescribed rates, the differential will be either recovered by cash payment from the provider or off-set adjustment against the next billing for on-going legal services.
3. The OLD staff will ensure a closer review process to maintain payment for such services within prescribed over-sight hourly rates.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/cjj

xc: The Honorable Robert G. Harvey, Sr., President
Gary Benoit, Staff Attorney
Emile Schneider, Acting General Counsel

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

TEL: 504-243-4000

New Orleans, La.

70126

September 22, 1995

PROTECTING YOU
AND YOUR FAMILY

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Professional Services Contract

Dear Dr. Kyle:

The Auditor observations regarding the Orleans Levee District administration of professional service contracts and related legal references by Statute and Attorney General opinion will be called to the attention of the District's President and Acting General Counsel.

MANAGEMENT RESPONSE

The Auditor has commented on several observations concerning budgetary controls, contract payments, terms, supporting documentation, authorization, etc. that will require responses in multiple parts as follows:

1. Contract Payments - in the instances observed regarding certain professional engagements for legislative services, accounting services, computer consulting services and public relations consulting services, all payments were made within annual approved budget allocations based on either an executed agreement and/or letter of understanding authorized by the President within the scope of authority provided in the District's BY-Laws and approved budget funding. In order to improve the administration and control over professional contracts, the Finance Department will design a monthly budget control report through the Report Generator (F/460) in the present mainframe system A-4. This report will address the Auditor concerns over authorization, budget, expenditure processing and specific procedural controls. The report will be reviewed monthly by Executive Management and quarterly by the Finance Committee, with appropriate actions taken, as deemed necessary.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D, CPA, CFE
September 22, 1995
Page -2-

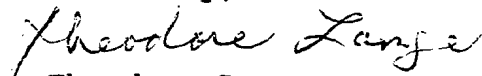
2. Contract Terms - in the instances observed regarding contract terms and the cancellation clause for the Public Relations Consulting Services, the Acting General Counsel will be requested to review and comment on R.S. 42:3 and Attorney General opinion 92-52, as applies. Such legal comment(s) will determine the appropriate action by the District. Additionally, the District's President has advised that all professional consulting service contracts be reviewed and revised regarding a cancellation clause that includes wording for termination from "at will" to "for cause".

3. Vendor Documentation - in the instance observed regarding lack of detail documents in support of billings for the Automated Computing Consulting Service, the Finance Department had re-constructed the monthly billings to reflect the specific charges by software application, major task and status of each application and presented those documents to the Auditor prior-to close of the field work. In the next annual contract year, the consulting services will reflect work on those major tasks as approved by Board Motion #14-092095 and monthly billings processed within approved budget allocations, supporting detail documentation and progress by milestones achieved.

4. Contract Approval - in the instance observed regarding the lack of approval by State Civil Service for the Management Consultant and for the Automated Computing Consulting Services, the District has received the required approval on the computer consulting services (after a second request by the District). The approval for the Management Consultant will be addressed again to State Civil Service.

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore Lange
Orleans Levee Board Director

TL/bnv

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

TEL: 504-243-4000

PROTECTING YOU
AND YOUR FAMILY

September 19, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Public Bid Law

Dear Dr. Kyle:

The Auditor observations regarding an approved construction contract change order relative to R.S. 38;2212 (A) (6) will be called to the attention of the District's Legal Counsel for review and comment thereon.

The Management response is as follows:

The District entered into a construction contract for major renovations to a portion of the interior of the Lake Vista Community Center, which was originally built in 1948. The progress of the work was met with numerous unanticipated problems during the renovation due to age and deterioration, which resulted in directly affecting the scope of the original work. The change order in question (#6) was in-effect additional work for an expanded project scope addressing the facility structure interior and exterior.

Due to the extent of construction work-in-progress, and need to complete the project in order to minimize loss of tenant rentals, the District authorized to proceed with the subject change order.

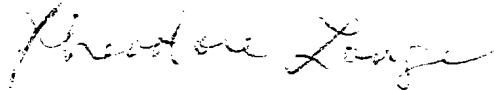
Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA. CFE
RE: Public Bid Law
September 19, 1995
Page 2

To the extent possible, the management will advise the Board in those situations whereby any approval of an initial construction contract, or resulting change orders, must follow the appropriate public bid laws.

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore Lange
Orleans Levee Board Director

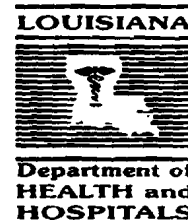
TL/cjj

xc: The Honorable Robert G. Harvey, Sr., President
Emile Schneider, Acting General Counsel
Gary Benoit, Staff Attorney



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

April 10, 1995

Dr. Daniel G. Kyle
Legislative Auditor's Office
State of Louisiana

Dear Dr. Kyle,

RE: Commodity Inventory

We concur with the finding noted on the commodity inventory procedures during the audit at Peltier-Lawless Developmental Center. Based on the recommendations of your office, we have implemented the following procedures:

Commodities are kept separate from all other inventory in the pantry and freezer.

The Food Service Supervisor is the only employee who requisitions the commodities; this will be done on a sign-out sheet specifically for commodities. The sign-out sheet is forwarded to the Account Clerk in the Business Office on a weekly basis.

The Account Clerk maintains a calculated balance of the commodities on hand.

The Dietetic Technician takes a physical count of the commodity inventory at the end of the month.

The results of the physical count are forwarded to the Account Clerk who compares the actual on hand to the calculated balance and notes any discrepancies. The discrepancies are researched by the Dietetic Technician, Account Clerk and Food Service Supervisor and the findings are forwarded to the Administrative Director for review.

Should you have any questions with the above procedures, please do not hesitate to let us know.

Sincerely,

Paul K. Moore, BCSW
MRDD Regional Administrator

PKM/JCF

cc Lorain R. Cazenave, MRDD Associate Administrator
Janelle C. Folse, Administrative Director
Gail Baye, Dietetic Technician

B-126



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



November 7, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditors' Office
Post Office Box 94937
Eaton Rouge, Louisiana 70804-9397

RE: Payroll Irregularities

Dear Dr. Kyle:

In regard to payroll irregularities, Pinecrest Management has reviewed its controls and will require supervisors to comply with these controls to prevent future problems.

Policies and procedural memoranda have been issued and disseminated since 1992 informing supervisors and employees of their responsibility with regard to certification of time worked and leave taken, as well as obtaining and retaining required supportive documentation:

- Fixed Time Entry Sign In Sheet (1992)
- Payroll Policies and Procedures (1/1/93; Revised 10/1/95)
- Memorandum 93-03 RE: Time and Attendance/FLSA (3/2/93)
- Memorandum to Timekeepers/Supervisors (10/12/94)
- Memorandum 95-01 RE: Audit Finding "Time & Attendance Records" (1/3/95)

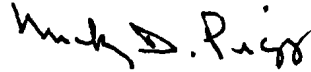
Pinecrest will continue to periodically review these controls to determine if the controls are accomplishing the desired objectives.

Pinecrest Management has contacted the Department of Health and Hospitals Internal Auditor and requested a review of findings and guidance as to appropriate administrative action to be taken.

(cont.)

Additionally, Pinecrest Management has contacted Department of Health and Hospitals Legal Counsel and is requesting review of findings and guidance as to appropriate legal action to be taken.

Sincerely,



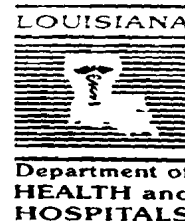
For Edwin M. Wright
MR/DD Regional Administrator

EMW:tgh



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

August 22, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Office of Legislative Audit
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Finding: Dual Participation in Federal Programs

Dear Dr. Kyle:

This letter is in response to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) legislative audit.

Response: OPH concurs with the Legislative Auditor's findings. Information for the WIC Program is currently being uploaded. Newly received software will allow the information for the Commodity Supplemental Food Program (CSFP) to be uploaded by September 1, 1995. The dual participation run will be produced and investigated during the month of September 1995 and every subsequent month. A written procedure for dual participants has been developed and is part of OPH policy. The written procedure for CSFP uploads is being developed and will be completed by completed by October 1, 1995. Additionally, OPH is in the process of hiring a consultant to assess and improve current operations.

Sincerely,

Eric T. Baumgartner, MD, MPH
Assistant Secretary
Office of Public Health

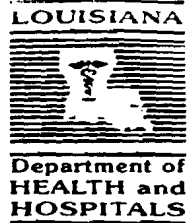
cc: Pamela P. McCandless
Andy Fox
Gwen Johnson
Pershing Delaup

B-129



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

August 22, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Office of Legislative Audit
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Food Vendor Controls

Dear Dr. Kyle:

This letter is in response to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) legislative audit.

Response: OPH concurs with the Legislative Auditor's findings. The computer programming has been developed, and a report will be generated and reviewed in September 1995 to insure accuracy. OPH will monitor the report allowing a 5% deviance from each grocer's reported prices and requiring vendors to be within 10% of the parish mean. It is OPH policy that if a grocer overcharges the WIC Program, they are billed and the money is recouped. The WIC Program does have written procedures for addressing food price violations. Additionally, there is a maximum amount for which a draft can be cashed. Any draft that exceeds that amount is automatically rejected by the bank.

Fluctuations in the individual packages will continue to occur. However, these are closely monitored by the vendor staff and investigated as necessary. The WIC Program does have sanctions as part of policy. Policy is that as long as grocer prices are within the 5% parameter of their reported prices, a grocer is not considered to be violating the program.

Sincerely,

Eric T. Baumgartner, MD, MPH
Assistant Secretary
Office of Public Health

cc: Pamela P. McCandless
Gwen Johnson
Pershing Delaup

B-130

**STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS**



Edwin W. Edwards

Governor

September 28, 1995

Rose V. Forrest

Secretary

Daniel G. Kyle, Ph.D., C.P.A., C.F.E.
Legislative Auditor
Office of Legislative Audit
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: On-Line Time and Leave Entry System

Dear Dr. Kyle:

This letter is in response to the above referenced audit finding.

The Office of Public Health concurs with the Legislative Auditor's finding. We will take the necessary steps to enforce the Department's Policy #1215-92, Section XVI defining the responsibilities for the operation of the Uniform Payroll On-Line System and maintenance of the pay period files.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric T. Baumgartner".

Eric T. Baumgartner, M.D.
Assistant Secretary

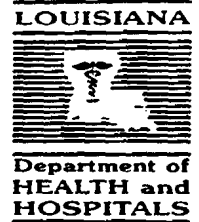
c.c.: Joe Kimbrell
Pershing Delaup
Gwen Johnson

B-131



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

August 22, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Office of Legislative Audit
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Finding: Reconciliation of Food Instruments

Dear Dr. Kyle:

This letter is in response to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) legislative audit.

Response: OPH concurs with the Legislative Auditor's findings. There has been a problem with uploading information from the 120 clinic sites around the state. By September 1995, all site databases will be uploaded on a site by site basis. This will be done through telecommunications, and, where necessary, manually from Central Office. Central Office Information Systems' staff will perform this procedure. This will provide all missing data from the inception of PASPORT and will allow us to produce the unreconciled report in September.

It is anticipated that 6,000 drafts will remain unreconciled for the period since the inception of PASPORT till present. A random sample will be pulled and researched by Central Office WIC staff during September and October 1995, to determine true rate of unreconciled drafts. The United States Department of Agriculture has approved this methodology and will accept the results.

To resolve the upload problem, uploading from the individual sites will be monitored on a weekly basis by regional staff. This was begun in some regions in April 1995 and will be done by Central Office staff for the remaining regions beginning in September 1995. The unreconciled report will then be produced and researched on a monthly basis. Additionally, OPH is in the process of hiring a consultant to assess and improve current operations.

Sincerely,

Eric T. Baumgartner, MD, MPH
Assistant Secretary
Office of Public Health

cc: Pamela P. McCandless
Gwen Johnson
Pershing Delaup

B-132

OFFICE OF PUBLIC HEALTH • NUTRITION SERVICES

P. O. BOX 60630 • NEW ORLEANS, LOUISIANA 70160 • PHONE - 504/568-5065 • LINC 621-5065 • FAX # 504/568-3065

"AN EQUAL OPPORTUNITY EMPLOYER"

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

M. J. "MOKE" FOSTER, JR., GOVERNOR



RICHARD L. STALDER, SECRETARY

January 10, 1996

Dr. Daniel Kyle, CPA, CFE
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: Use of State Building

Dear Dr. Kyle:

In response to the above finding, it should first be noted that the building in question was built at no expense to the state by a private sector contractor, Sara, Inc., through a previous plasma contract with the department. The contract provided that the building would become the department's at the termination of the contract. By the current contractor converting the vacant plasma building to a poultry processing plant, the department was able to convert a non-productive asset into a productive one. It also greatly improved the poultry-processing operation by allowing part of it to be operated in the second building which has improved the working conditions and has increased revenue from the poultry processing operation since additional shifts are being worked.

In terms of the renovations beginning before a written agreement was executed by all parties, this may not have been too prudent a business practice on the part of the contractor paying for the renovations; however, the state was at no risk because of this. In fact, the state benefited from the improvements to the building since all buildings and improvements thereto remain assets of the state. The estimated value of the building went from approximately \$120,000 to \$260,000 after the improvements.

In terms of LA RS 41:1214 regarding the leasing of public lands, the department does not feel that this statute is applicable since the contractor is not leasing the building. The department is allowing the contractor to utilize the building through a cooperative endeavor agreement with him, which is authorized under Article 7, Section 14(c). Compensation for utilization of the building is included in the shift payments, which are paid to Prison Enterprises pursuant to paragraph 4 of Addendum #3 to the cooperative endeavor agreement.

In addition, the department views this program as being similar to the PIE (Prison Industry Enhancements) program at Winn Correctional Center which is a federal certified program operated through a partnership with private industry. The program utilizes state facilities at Winn Correctional without leasing them from the department.

B-133

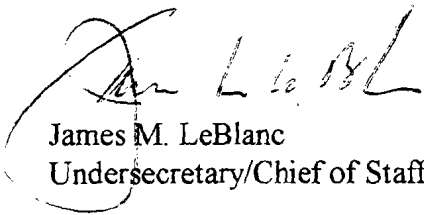
P.O. Box 94304 • Capitol Station • Baton Rouge, Louisiana 70804-9304
(504) 342-6849

AN EQUAL OPPORTUNITY EMPLOYER

Dr. Daniel Kyle
Re: Use of State Building
January 10, 1996
Page Two

For the above reasons and for the previously noted benefits that the program provides to the institution, the department does not wish to exercise its option to terminate its cooperative endeavor agreement.

Sincerely,



James M. LeBlanc
Undersecretary/Chief of Staff

c: Richard L. Stalder, Secretary
Dr. Charles Kleinpeter, Director, Prison Enterprises
Ron Granier, Chief Fiscal Officer



STATE OF LOUISIANA

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS
GOVERNOR

PUBLIC SAFETY SERVICES
September 28, 1995
DPS-2/RLM-664

COL. PAUL W. FONTENOT
DEPUTY SECRETARY

Daniel G. Kyle, Ph.D, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, La. 70804-9397

Dear Dr. Kyle:

Listed below are the findings and Department responses to the Electronic Data Processing Controls audit.

Finding: The Department has not followed its procedure for granting EDP access which requires each authorization to be permanently maintained.

Response: The original users of the system do not have a request for change in user access capabilities form. This form and its use were not begun until the system was operating.

Finding: No established procedures to notify the computer security staff in a timely manner when employees who were authorized access to data files are terminated or reassigned.

Response: In January of 1995 the Data Processing center developed a report that lists each user and their transactions capabilities. This report is produced on a quarterly basis and sent to each security officer. The security officer then contacts each troop This report, section head, or unit supervisor to review their employees and their capabilities. Any additions or deletions are noted on the report and sent back to the security officer for correction.

Finding: One office shares a single password.

Response: This has been rectified. Each of the office personnel have their own password.

Finding: Our attempt to identify the EDP transactions available to users disclosed that the users did not have the documentation readily available showing the use of many EDP transactions.

Response: The information provided by the users was lacking much of the documentation. Although most of this information was later provided, the department is performing procedures that will identify and describe each of the transactions. These procedures will also identify and eliminate obsolete transactions. The transactions will then be reviewed on a yearly basis by Data Processing for validity.

B-135

OFFICE OF MANAGEMENT & FINANCE, P.O. BOX 66614, BATON ROUGE, LA. 70896

(504) 925-6032

Page 2

Daniel Kyle, Ph. D, CPA, CFE
September 28, 1995

Finding: Documentation of the terminal registration number are outdated and inaccurate.

Reponse: The Department is constantly updating equipment and making changes to this file. The listings are accurate at the time they are produced.

Finding: Computer security staff in the Office of Motor Vehicles have incompatible functions in that the same employee to have access to all employee sing-ons and routinely process data through the EDP system.

Response: The Planning section only uses live transactions to test. All of the information records for test only.

Finding: The Payroll supervisor who approves adjustments to the Uniform Payroll System master payroll files also has on-line capability for updating these files.

Response: The Uniform Payroll System produces a hard copy of all updates that are done. The Fiscal Manager or her assistant is signing off on the updates made by the Payroll supervisor. This procedure was begun June 26, 1995.

Finding: The FACS security officer loans her password to an employee with incompatible responsibilities to perform security procedures.

Response: The ODES security will be removed from this fiscal manager and placed with the security officer already established in Finance. This will be completed by October 6, 1995.

Finding: Application programmers have update capabilities with some applications.

Response: Procedures have been changed so that only project leader and/or lead programmers have update capabilities for mapper. Paperwork has to be completed and approved by the user prior to them making a change. The system generates a report for the programming manager to review each time someone uses an even mode. This is verified against the pre-approved paperwork.

Page 3
Daniel Kyle, Ph.D, CPA, CFE
September 28, 1995

Finding: Office of Motor Vehicle supervisor perform incompatible functions in that the same employee who keys in the time and leave also reviews the report and verifies the data input into the system.

Response: Effective June 19, 1995 the supervisor signs off as the timekeeper and the Headquarters Administrator signs as certifier for these units.

If any further information is needed please contact David Viccellio at 504-925-6279.

Sincerley,



Rex McDonald
Undersecretary

RLM/DEV/lml



STATE OF LOUISIANA
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
PUBLIC SAFETY SERVICES

EDWIN W. EDWARDS
GOVERNOR

COL. PAUL W. FONTENOT
DEPUTY SECRETARY

December 7, 1995
20248/296/95-96/SD

Mr. Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
1000 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

CERTIFIED MAIL
Z 777 030 259

Dear Dr Kyle:

In response to the preliminary draft of findings by the Louisiana Legislative Auditors received by the Division on Thursday, November 9, 1995, from Bobby Trahan and Tom Cole, the LSP Department of Public Safety Riverboat Gaming Division is providing responses to those findings.

FINDING - MONITORING AND REVIEW OF REQUIRED REPORTS:

"The Department of Public Safety's Riverboat Gaming Division (RGD) did not adequately monitor the submission of all riverboat gaming licensee reports required by the Louisiana Administrative Code (LAC) and has not established procedures for reviewing these reports and following up on exceptions."

DIVISION'S RESPONSE:

The Division's procedure is to monitor the required submissions as part of the compliance audit. Therefore, submissions, due and outstanding before an audit of the licensee, were not noted until the Division conducted a compliance audit. Evidence of this procedure is in the audit reports and case reports of the compliance audits conducted to date. The Division established new procedures to monitor these submissions in a more consistent and timely manner. The procedure is that each licensee has been assigned a designated auditor for monitoring these submissions and for corresponding to the licensee more efficiently. Each licensee was notified that a copy of all correspondence sent to the Division must also be sent to the designated auditor. Additionally, all questions or concerns of the licensees are to be directed to the designated auditor instead of the Audit Supervisor. Each designated auditor is responsible for ensuring that the licensee is current in submitting all required reports to the Division. Each designated auditor is also responsible for submitting a case report to the Supervisor for all violations found.

B-138

COURTESY • LOYALTY • SERVICE

OFFICE OF STATE POLICE, P.O. BOX 66614, BATON ROUGE, LA 70896-6614

FINDING - MONITORING AND REVIEW OF REQUIRED REPORTS:

"Management of the RGD has not established criteria to be used by each licensee's independent certified public accountant (CPA) in performing internal control reviews of the licensee as required by the LAC. In addition, the RGD has not established procedures to review the work of each licensee's independent CPA to determine the adequacy of their work."

DIVISION'S RESPONSE:

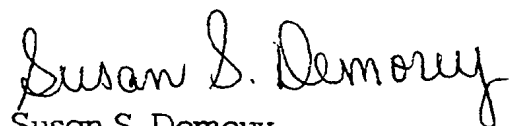
The Division's interpretation of LAC 42:XIII. Chapter 27 §2715.D is that it requires the Division to establish criteria for the independent CPA to report events and procedures that indicate deviations from the licensees approved internal control system.

The Division has instructed several independent CPAs that the Administrative Rules and Regulations were the minimum guidelines to use in reviewing the licensees' internal controls. The licensees' internal controls, as approved by the Division, are the specific criteria that the independent CPA must use to test the licensees' actual operations. However, the Legislative Auditors have informed the Division that other jurisdictions are setting up further criteria for the independent CPAs. Research indicates that the gaming jurisdictions with lenient administrative rules and regulations (Colorado, Nevada, Mississippi and Illinois) have additional criteria for the independent CPAs' reviews of the licensees' internal controls. Nevada's additional criterion is a reiteration of Nevada's administrative rules and regulations. On the other hand, jurisdictions with stringent administrative rules and regulations, similar to the Division's, do not have additional criteria set up for the independent CPAs' reviews of the licensees' internal controls, i.e., New Jersey and Missouri. Instead, these jurisdictions rely on their administrative rules and regulations to serve as the criteria the independent CPAs must use to review the licensees' internal controls. If the Legislative Auditors require that the Division establish separate criteria for the independent CPA's review of the licensees' internal controls, the Division will establish such criteria.

The procedure the Division uses to review the work of the independent CPAs to determine the adequacy of their work is for the Division's Auditor(s) to review their work as a part of the financial audit.

If you have any questions or require additional information, please contact me at (504) 022-2534.

Sincerely,



Susan S. Demouy
Riverboat Audit Supervisor
Louisiana State Police



LINC: 267-1011

STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 8, MONROE

609 Vocational Parkway
West Ouachita Industrial Park
West Monroe, LA 71292
(318) 396-7431

FAX: (318) 362-3147

June 1, 1995

Dr. Daniel Kyle, Ph.D., CPA, CFE
1600 North 3rd
Baton Rouge, LA 70804

Dear Dr. Kyle:

The statements below are Regional Management Center 8's response to the Legislative Auditor's report as per number and finding description:

GF-2B(5)

CONTROLS OVER FEDERAL EXPENDITURES

The following procedures will be followed when federal expenditures are made to students of Technical Institutes in Region 8:

In each Technical Institute a detailed accounts payable ledger will be established for each student receiving federal or state financial assistance. The ledger will include student's name, social security number, applicable financial assistance received, eligibility requirements met, and a listing of each amount payable with the date and description of item. All the expenditures or charges to these students will be authorized and documented by a school representative other than the person preparing ledger. Payments will be made only after the proper authority has authorized payments.

The person authorizing payments needs to ensure that all documentation is included such as original invoices with proper dates of current fiscal year, proper expenditure codes, and any other items necessary to provide a clear audit trail of expenditures.

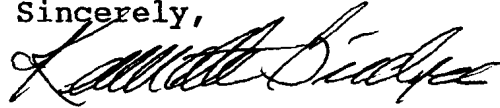
B-140
(Continued)

*Bastrop Technical Institute, Delta-Ouachita Regional Technical Institute
North Central Technical Institute, Northeast Louisiana Technical Institute
Tallulah Technical Institute, Lake Providence Technical Institute*

"An Equal Opportunity Employer"

If further information is needed, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth Bridges".

Kenneth Bridges
Regional Director

KB:db



STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 8, MONROE

609 Vocational Parkway
West Ouachita Industrial Park
West Monroe, LA 71292
(318) 396-7431

FAX: (318) 362-3147

LINC: 267-1011

June 1, 1995

Dr. Daniel Kyle, Ph.D., CPA, CFE
1600 North 3rd
Baton Rouge, LA 70804

Dear Dr. Kyle:

The statements below are Regional Management Center 8's responses to the Legislative Auditor's report as per number and finding description:

GF-2B(4)

ELIGIBILITY

The following procedures will be followed to assure all students receiving financial assistance have met all eligibility requirements in the Technical Institutes of Region 8:

The Regional Management Center 8 will issue a directive to the Technical Institute Directors in Region 8 to have a check list of eligibility requirements for each student receiving federal assistance through Carl Perkins or other assistance programs to attend school.

Before a payment is issued to a student, a separate Technical Institute representative will sign off on the check list assuring all eligibility requirements are adhered to.

If further information is needed, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Bridges".

Kenneth Bridges
Regional Director

KB:db

B-142

*Bastrop Technical Institute, Delta-Ouachita Regional Technical Institute
North Central Technical Institute, Northeast Louisiana Technical Institute
Tallulah Technical Institute, Lake Providence Technical Institute*

"An Equal Opportunity Employer"



LINC: 267-1011

STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 8, MONROE

609 Vocational Parkway
West Ouachita Industrial Park
West Monroe, LA 71292
(318) 396-7431

FAX: (318) 362-3147

June 1, 1995

Dr. Daniel Kyle, Ph.D., CPA, CFE
1600 North 3rd
Baton Rouge, LA 70804

Dear Dr. Kyle:

The statements below are Regional Management Center 8's response to the Legislative Auditor's report as per number and finding description:

GF-2B(6)

PELL GRANT

The following procedures will be followed by the Technical Institutes of Region 8 when issuing Pell Grant checks to students:

Regional Management Center 8 will issue a directive to all Technical Institutes in Region 8 to have a school representative, other than person requesting Pell Grant payments, to check students' folders to make sure all certifications are in order, including signing the "Statement of Updated Information" on the SAR form, before issuing check to students.

If further information is needed, please do not hesitate to contact us.

Sincerely,

Kenneth Bridges
Regional Director

KB:db

B-143

*Bastrop Technical Institute, Delta-Ouachita Regional Technical Institute
North Central Technical Institute, Northeast Louisiana Technical Institute
Tallulah Technical Institute, Lake Providence Technical Institute*

"An Equal Opportunity Employer"



LINC: 267-1011

STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 8, MONROE

609 Vocational Parkway
West Ouachita Industrial Park
West Monroe, LA 71292
(318) 396-7431

FAX: (318) 362-3147

June 1, 1995

Dr. Daniel Kyle, Ph.D., CPA, CFE
1600 North 3rd
Baton Rouge, LA 70804

Dear Dr. Kyle:

The statements below are Regional Management Center 8's responses to the Legislative Auditor's report as per number and finding description:

GF-2B(1)

PAYROLL/PERSONNEL

The following procedures will be followed in the segregation of duties of Region Center employees, certification of time and attendance records, and Civil Service approval of personnel actions:

1. To assure proper documentation within Region 8 OSUP Payroll System, the new procedures are as follows:

Accounting Specialist will enter all time and attendance. The Regional Accountant will be responsible for any additions or deletions. When checks are received, the Accounting Specialist checks off names on the time and attendance forms as the Regional Accountant calls off the names on the checks.

2. A memo to Directors and Accountants will be issued to direct that all time and attendance sheets be properly initialed before sending for entry into OSUP.

B-144
(Continued)

*Bastrop Technical Institute, Delta-Ouachita Regional Technical Institute
North Central Technical Institute, Northeast Louisiana Technical Institute
Tallulah Technical Institute, Lake Providence Technical Institute*

"An Equal Opportunity Employer"

3. Directors and Accountants will be directed to have all completed Civil Service SF-1 Forms submitted with any change in employee status or pay. These forms will accompany any change in the rate of pay or status entered into the OSUP Payroll System.

If further information is needed, please do not hesitate to contact us.

Sincerely,



Kenneth Bridges
Regional Director

KB:db



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 15, 1995

Daniel G. Kyle, Ph.D, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Relative to one of three findings rendered by the Legislative Auditors for fiscal year 1994-95, please see the finding and response outlined below:

Finding:

Review of Original Documentation

"For the second consecutive year, the Office of Risk Management (ORM) is not performing, on a sample basis, a field review of the original source documentation to support billings by contract attorneys..."

Agency's Response:

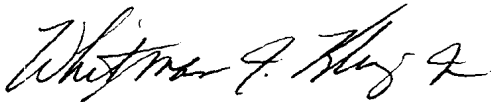
This same finding was made in fiscal year 1993-94, at which time ORM cited lack of resources for the additional personnel required. Again in 95-96, ORM sustained a cut of eight positions in its authorized table of organization, from 140 to 132. On August 14, 1995, ORM received approval of a BA-7 to recoup four of those operational positions; however, all 136 of the currently established positions are utilized in the administration of the Self-insurance Program, not to conduct field audits of vendors or service providers.

The plans are to request funding resources in the fiscal year 96-97 budget request to perform these field audit responsibilities.

Daniel G. Kyle, Ph.D, CPA
September 15, 1995
Page 2

If you should have any further questions regarding this matter, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Whitman J. Kling, Jr.", written in black ink.

Whitman J. Kling, Jr.
Deputy Undersecretary

WJK/sfp

c: Raymond J. Laborde
Seth E. Keener, Jr.
Evon L. Wise



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

November 15, 1995

Dr. Daniel G. Kyle
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804

Dear Dr. Kyle:

Re: Audit Finding-Risk Management

In response to the audit finding on settlements presented to this office on November 15, 1995, please be advised that we concur with the finding. We have taken steps to review established policy with all claim adjustor personnel in this area to assure that all established policies are followed. Additionally, we have clarified the actions to be taken on consent settlements initiated and negotiated by the Office of Risk Management, but subsequently authorized by a separate legislative act.

We appreciate the efforts of the assigned audit team and look forward to working with them in the future.

Sincerely,

Whitman J. Kling, Jr. CPA
Deputy Undersecretary

WJKJr/sm

B-148



State of Louisiana
Department of Social Services

EDWIN W. EDWARDS
GOVERNOR

OFFICE OF THE SECRETARY
755 RIVERSIDE NORTH, 2ND FLOOR
P.O. BOX 3776 - PHONE - 504/342-0286
BATON ROUGE, LOUISIANA 70821

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

September 12, 1995

Dr. Daniel Kyle, CPA, CPE
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

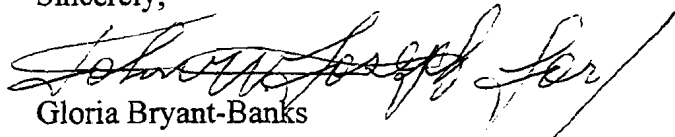
This is in response to the finding that the Department of Social Services does not have a comprehensive monitoring system to ensure that all audit reports of subrecipients are received and reviewed.

The Department of Social Services concurs with the audit finding. The current policy and procedures for Audit Follow-up of Subrecipient Audits, officially issued January 6, 1995, requires an evaluation of the audit follow-up system within one year of the effective date of the policy. This evaluation will ensure that the system results in efficient, prompt, and proper resolution and corrective action on audit recommendations as well as ensure that the system is adequate to ensure that all audit reports are received and reviewed.

If further information is needed, please let us know.

Thank you.

Sincerely,


Gloria Bryant-Banks
Secretary

GBB/JS/dt



State of Louisiana
Department of Social Services
OFFICE OF FAMILY SUPPORT

755 RIVERSIDE NORTH
P. O. BOX 94065 - PHONE - 504/342-3950
BATON ROUGE, LOUISIANA 70804-4065

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 9, 1995

Dr. Daniel Kyle Ph.D., CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Legislative Audit YE 06/95
Title IV-D Cash Controls

Dear Dr. Kyle:

Please refer to your correspondence dated October 31, 1995 concerning the referenced audit. Our responses are as follows:

Finding #1

Response:

We concur with the findings. However policy states that the person posting payments should not receive case payments "whenever possible." Therefore corrective action is in place.

Finding #2-6

Response:

We concur. Even though there was no evidence that any missing payments resulted, procedures are in the process of being developed and training will be conducted as corrective action.

Finding #7

Response:

We concur in part. Receipts did not always expressly indicate the "type" of payment. Payments were identified based on the fact that money order receipts contained money order numbers on them. Corrective action has been accomplished in that the Regional office was not required to issue receipts for money order payments. This practice will cease as receipts will only be given for cash payments, as required.

Finding #8

Response:

We concur.

Finding #9, 10, 11

Response:

We do not concur with these being labeled findings. The SES Policy Manual (Chapter 9) does not require these procedures. Therefore there is no basis for the findings. However, we accept this as a sound business practice recommendation and corrective action will be initiated.

Finding #12

Response:

We concur.

Finding #13, 14, 15

Response:

We concur.

Summarily, as corrective action a policy memorandum will be issued reminding staff of policy and procedure relative to case controls. We will be filling a position with responsibility to monitor office to insure that policies and procedures are followed.

We appreciate your assistance.

Sincerely,



Thomas Joseph, Director
Fiscal Services



State of Louisiana
Department of Social Services

OFFICE OF MANAGEMENT AND FINANCE
755 RIVERSIDE MALL, ROOM 231

P.O. BOX 3776 - PHONE - 504/342-0805 FAX# 504/342-8636
BATON ROUGE, LOUISIANA 70821

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

August 17, 1995

Daniel G. Kyle, Ph.D., CPA, CFE
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Louisiana Rehabilitation Services (LRS) does concur in part with the finding that the requirements of the Davis-Bacon Act were not monitored. LRS does have procedures in place to monitor these requirements. However, due to a misunderstanding between the Agency Fiscal Officer and Agency Director, the construction sites were not elevated to a position on the regularly scheduled site reviews which would have ensured review during the construction period.

Revised procedures will be implemented by the Agency to insure that contracts falling under the Davis-Bacon Act are monitored prior to LRS making payment for services covered by the Davis-Bacon Act. These procedures include reviewing payroll records of the contractor and/or subcontractor to insure that prevailing wages were paid. A site review monitoring compliance with the Davis-Bacon Act of the three contracts in question will be completed by October 15, 1995.

Sincerely,

A handwritten signature in cursive script that reads "Thomas Joseph".

Thomas Joseph
Director

TJ:MN:ssb



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 21, 1995

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: AFDC Legislative Audit

Dear Dr. Kyle:

Please refer to your correspondence on November 13, 1995, regarding reportable findings concerning the Quality Control AFDC case review time-frames.

We concur with the finding that not all time-frames for submitting AFDC review findings are being met.

Quality Control has been holding some cases for the maximum time frame of 120 days to diminish the chance of receiving a federal difference letter on a review. This procedure reduces the regression rate for AFDC cases subsampled by the Administration for Children and Families. For instance, the FY 1994 AFDC error rate was 5.726%, while the latest statistics for FY 1995 (11/15/95) indicate a current error rate of 3.946%--a significant reduction from the previous year.

It should also be noted that of the five months in which QC failed to meet the 95 day time-frames, three of the months (9/94, 3/95, and 4/95) failed meeting these requirements by only one case. In the month of 2/95, QC failed to meet these requirements by two cases; and in 7/94 by three cases. An improvement should be noted since last year the 95-day time frames were not met in six months.

The 120 day submission time-frame was not met for four months during the fiscal year. In the months of 7/94, 2/95, and 3/95, QC failed meeting these requirements by only two cases. In the month of 10/94, QC failed to meet this requirement by only one case. One of the 7/94 cases failed deadline because the local

office found additional information which reduced the error. The case had to be recalculated. One of the 2/95 cases which failed deadline required a policy clearance from ACF-Dallas; and both of the 3/95 cases which failed deadline required policy/procedure revisions by QC.

A policy clearance from ACF-Dallas was requested on one of these cases. The 10/94 case which failed deadline was returned twice by AP Program for corrections. Again, an improvement should be noted for the 120 day deadline also since last year the 120 day time-frames were not met for six months.

Our plan for corrective action is as follows:

More QC procedural training of QC Reviewers and QC Supervisors will be implemented. This should alleviate some of the cases which fail deadline because of revisions which must be made to cases. In addition, policy resolutions with program staff will be required at the earliest date.

We are concerned about meeting the time-frames and will continue to make enhancements which will help in meeting the 100% completion rate.

Sincerely,



Thomas Joseph
Director, Fiscal Services

HLP/VB/TJ/cab



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 13, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

The Department of Social Services, Office of Management and Finance concurs with the Legislative Audit finding concerning the accurate and timely filing of the Status of Claims Against Households Report (Form FNS-209).

The Department has a Federal Regulations Manual and in-house procedures regarding completion and deadlines for the FNS-209. The importance of accuracy and deadlines has been stressed to the appropriate personnel. The various mathematical errors and omissions impacted different sections of the report. Four of the errors are in the Claims Summary Section which has no effect on the state's letter of credit. The absolute value of these errors total \$51,834. The remaining errors have an absolute value of \$2,292. and effect the letter of credit for a net value of \$369.00. Provision are in place for a supervisory review of the FNS-290 before it is transmitted to insure it's timeliness and accuracy.

Should you have any questions concerning this response, please advise.

Sincerely,

Thomas Joseph, Director
Division of Fiscal Services

TJ/KM/cab

c: Rose Hudson, Undersecretary
Al Sanford, Deputy Undersecretary
Kathleen Morales, Administrator, Financial Management



State of Louisiana
 Department of Social Services
 OFFICE OF MANAGEMENT AND FINANCE
 DIVISION OF FISCAL SERVICES
 P. O. BOX 3927
 BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
 GOVERNOR

GLORIA BRYANT-BANKS
 MSW, ACSW, BCSW
 SECRETARY

September 8, 1995

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
 Legislative Auditor
 1600 North Third Street
 P.O. Box 94397
 Baton Rouge, Louisiana 70804-9397

RE: Documentation of Foster Care - Title IV-E Payments

Dear Dr. Kyle,

The official response from the Office of Community Services to your findings on Documentation of Foster Care- Title IV-E Payments is as follows:

AGENCY RESPONSE

The Office of Community Services concurs with the findings. As a result of our concurrence we shall send a reminder state wide that staff are to adhere to the TIPS procedural manual and maintain documentation of payments in the clients payment record. At this time we wish to make a technical comment relative to the auditor's caution on duplicate payments, TIPS' automated payment logic provides for an edit that will deny for manual review attempts to authorize payment to the same provider, same major/minor code and same date of service.

In the following cases, we concur with the finding and are implementing the following corrective action:

TIPS IDENTIFICATION	PAYMENT AMOUNT	ITEMS
950997445	\$375.72	No invoice in file for service date

COMMENTS: This claim was for ongoing board payments for a child whose foster car placement had not changed from the prior authorization period. The case worker assistant reloaded the authorization and did not secure the worker's counter signature and date on a screen print of the 106 file or other form of documentation as

is required by policy. The local office has implemented corrective action to assure that the local office routing process shall adhere to policy.

TIPS IDENTIFICATION	PAYMENT AMOUNT	ITEMS
950543105	\$50.00	No invoice in file for service date

COMMENTS: This claim and supporting documentation was in a TIPS payment folder. The child's records have been transferred from St. Bernard Parish office and the East/West Feliciana Parish office. The TIPS payment folder has been misplaced in the transfer and could not be located to support documentation requirement. local staff continue in their attempts to locate the record.

TIPS IDENTIFICATION	PAYMENT AMOUNT	ITEMS
950922215	\$375.72	No invoice in file for service date

COMMENTS: This claim was for ongoing board payments for a child whose foster care placement had not changed from the prior authorization period. The case worker assistant reloaded the authorization and did not secure the worker's counter signature and date on a screen print of the 106 file or other form of documentation as is required by policy. The local office has implemented corrective action to assure that the local office routing process shall adhere to policy.

Should you have any questions concerning this response, please advise.

Sincerely,

Thomas Joseph
Thomas Joseph
Director

TJ:BK:cab



State of Louisiana
Department of Social Services
OFFICE OF THE SECRETARY

AUDIT SERVICES
333 LAUREL, 5TH FLOOR, ROOM 575
P. O. BOX 3927 - PHONE - 504/342-4896
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

December 1, 1995

Dr. Daniel Kyle, CPA, CFE
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

This is in response to the finding on Internal Audit Training.

The Department of Social Services concurs that the training funds were not processed in accordance with Section 2 of Act 15 of 1994. The Department of Social Services, however, made a substantial effort to determine the procedures for handling the training account, and followed procedures that were based on information provided to the Department. Fees paid by the participants, had been appropriated in each agency's budget, were not for the operation of the Department of Social Services, and were solely to be used to cover training related costs. The recommendation to us, by the former Legislative Auditor of the Department, was to establish an escrow account and account for the funds as escrow funding. It was stated that this would allow registration fees to be used to cover expenses related to the training and would not entail compliance with various state funds expenditure requirements. Thus, an escrow account, approved by State Accounting and the State Treasury, was established and funds were being accounted for accordingly.

The Department of Social Services concurs that approval for special meals, as required by Louisiana Administrative Code 4:V.1521 was not obtained until after the second class was held, that printing was not procured in accordance with Louisiana Revised Statute 43.1 and that a professional service contract as required by LSA-RS. 39:1498.2 was not obtained. As stated above, our understanding was that escrow accounting would not entail compliance with various state funds expenditure requirements. In addition, a discussion with the Research and Training Officer, Legislative Auditor's Office indicated that a Professional Services contract was not required and a sample copy of the agreement that is used by the Legislative Auditor's Office was provided for our use. Use of a Professional Services contract would not have been any problem. As the proposed contract was for only \$2,500, this would have simply involved the

Dr. Daniel Kyle, CPA, CFE
December 1, 1995
Page: 2

completion of a standard contract form which requires only my signature for approval. Approval for meals was obtained as soon as we became aware of the need for approval.

The Department of Social Services made a diligent effort to obtain quality internal audit training at minimal cost. Working with no increase in T.O. or budget, the Department of Social Services, in fiscal year 1995, established an internal audit function. An initial question was how to obtain training for new staff, given that funding was insufficient to provide the training required for staff performing other type audit functions. In order to stay within the budget and at the same time obtain the required training, the Director of the Bureau of Audit Services was directed to explore various options including working with other agencies to pool resources. The Director of Audit Services considered Dr. Glen Sumners, professor in charge of the Internal Audit Program at Louisiana State University to be an excellent local resource and was subsequently contracted to conduct training.

A list of topics on which Dr. Sumners would be willing to conduct training was obtained and a survey letter was sent to some other state agencies asking if they would be interested in participating jointly in some internal audit training; and if so, which topics, in priority order, they would be interested in, how many persons would they plan to send to training on the topic, what would they be willing to pay for each eight hours of training, their preference as to dates, and any other ideas, suggestions, or comments that they might have. While the responses indicated that the other agencies were interested in participating in training, there was no consensus as to the topics on which training should be conducted. The Director of the Bureau of Audit Services and Dr. Sumners reviewed the responses and decided on proposed dates and topics for five training sessions - not knowing if there would be sufficient persons interested to hold any training session. It was decided that \$80 per person per day would be a reasonable fee and would cover training related costs. The proposed training schedule was sent to the other state agencies asking that they indicate their interest in the proposed training. The response was phenomenal.

The total attendance for the three training sessions that were held was one hundred and thirty-seven (137) and included participants from seventeen (17) state agencies. A larger attendance was planned for the two meetings that were canceled. This demonstrates the need for training and the need for training that is provided at a reasonable cost. Internal audit training is not available in-state. Agencies do not have the funding to send internal audit staff out-of-state and

Dr. Daniel Kyle, CPA, CFE

December 1, 1995

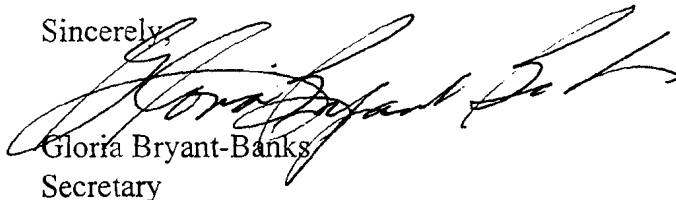
Page: 3

resources of individual agencies are not sufficient for them to have their own training program. Even related training that is available is very costly. The discounted, early registration fee for a one day workshop sponsored by the Louisiana Society of CPA's is approximately \$195 per person plus travel cost. For one-hundred and thirty-seven days of training, the cost would be \$26,715 plus travel expenses. For one-hundred and thirty-seven days of training, the Department spent \$3,740 - **a saving to the State of \$22,975 plus travel expenses.**

The Department of Social Services will continue to make every effort to comply with all laws and regulations. There are no plans for any further training sessions.

If further information is needed, please let us know.

Sincerely,



Gloria Bryant-Banks
Secretary



State of Louisiana
Department of Social Services
OFFICE OF FAMILY SUPPORT

755 RIVERSIDE NORTH
P. O. BOX 94065 - PHONE - 504/342-3950
BATON ROUGE, LOUISIANA 70804-4065

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

October 9, 1995

Dr. Daniel Kyle, Ph.D., CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, La. 70804-9397

RE: Legislative Audit YE 06/95

Dear Dr. Kyle:

Please refer to the above referenced audit. In the audit, one of the findings was that the Office of Family Support failed to have an appropriate interface between the Assistance Payments Program and the Child Support Enforcement Program as required by Federal Regulations. The audit indicated that the interface had not been in place since December 1994. Our response is as follows:

When the new IV-A system (L'AMI) went Statewide in November 1994, the interface with the new IV-D system (Lases) was not completed. We realized that this was a problem, and staff were instructed to put IV-A cases on manually as they were previously doing. It is apparent from the audit that some offices do not follow this directive.

On September 25, 1995, the interface was put in place, and we were able to provide referrals on all the AFDC cases that were certified since November 1994. The interface is working correctly now and is much more automated than the previous one. We feel certain that the new automated interface will prevent a reoccurrence of this problem in the future.

Sincerely,

A handwritten signature in cursive script that reads "Thomas Joseph".

Thomas Joseph, Director
Fiscal Services



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

August 21, 1995

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
Office of the Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

The following is in response to your findings relative to your Memorandum dated August 14, 1995 regarding Time and Attendance Records and the On-Line Time and Leave Entry System:

The Department concurs with your findings and recommendations. During December, 1994 the newly established Internal Audit Unit began review of Time and Attendance Records. The Audit Unit will continue to conduct reviews and bring all findings if any to the attention of Executive Management for corrective action.

- a. Payroll Management personnel will be attending future Director/Administrator Meetings for discussion of Compliance of Departmental Procedures, Civil Service Rules relative to Sign-In Sheets and the On-Line Time and Leave Entry System and Audit Findings.
- b. The Division of Fiscal Services is planning to conduct a Seminar which will include a Workshop on Payroll Procedures in the near future. Timekeepers/Alternate Timekeepers and their Supervisors will be requested to attend this Workshop.
- c. Payroll Management will be conducting random audits by traveling statewide to individual offices or by having field offices send pay period files to this office for review to assure compliance of procedures.

Dr. Daniel G. Kyle, Ph. D., CPA, CFE

Page 2

August 21, 1995

- d. Payroll procedures are being updated to emphasize that all Payroll Sign-In/Out Sheets and UPS reports are reviewed and verified by someone other than the assigned Timekeeper and that all Sign-In/Out Sheets are signed by the employee and certified by the Appointing Authority prior to Payroll deadline.

If you have any questions or further information is needed, please call me at 342-4247.

Sincerely,

A handwritten signature in cursive script that reads "Thomas Joseph / km".

Thomas Joseph, Director
Division of Fiscal Services

TJ:MB/jw



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

August 15, 1995

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Department of Social Services, Bureau of Rate Setting concurs with the Legislative Audit finding concerning the use of unaudited costs in the setting of per diem rates for clients in residential facilities.

As a result of the work with the University of Southern Maine, the agency has implemented a new rate setting system. The implementation included the training of staff/providers and the calculation of the fiscal year 1994-95 reimbursement rates to providers. The cost reports utilized to calculate the FY 94-95 per diem rates were unaudited. The agency requested and received audited cost reports for the fiscal year 1993-94 from providers. The FY 1993-94 audited cost reports will be utilized to calculate the per diem rates to be paid to 24-hour residential providers for the fiscal year 1995-96.

Should you have any questions concerning this response, please advise.

Sincerely,

Thomas Joseph
Thomas Joseph
Director

TJ/TSB/sb

cc: John Joseph, Deputy Secretary
Brenda Kelley, Assistant Secretary
Thomas S. Blouin, Sr., Director, Rate Setting



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

September 15, 1995

Dr. Daniel Kyle, CPA, CPE
Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Legislative Audit YE 06/95
Title IV-D Intake and Collection

Dear Dr. Kyle:

Please refer to your correspondence which was received August 18, 1995 concerning the following findings:

Title IV-D Intake and Collection Activities

We concur with the findings which were caused by workers failing to take timely or appropriate action on cases. This situation has occurred for several reasons: 1. SES workers have tremendous workloads, and it is extremely difficult for them to take all actions as required. 2. Workers are doing a large amount of cleanup work for our new computer system, LASES, and this is taking time away for their normal duties. 3. All of our Regional Administrators are working on LASES, and they have not been able to conduct regular case readings to detect error trends.

Corrective Action

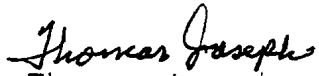
We have asked for additional staffing for the next fiscal year. If we are able to obtain the additional staffing, caseloads will be more manageable. Under LASES, the system tracks cases and requires workers to take appropriate action. LASES will also free workers from cleanup activities, and will allow them to devote all of their attention to working cases. In addition, Administrators will be able to resume regular case readings. These case readings will

2

identify error trend and will allow Supervisors to take corrective action before many cases are out of compliance.

We appreciate your cooperation and would like to meet with your staff to clarify the audit procedure.

Sincerely.


Thomas Joseph,
Director

TJ:HP:cab



June 29, 1995

J.D. Ware, Jr.
Executive Director

Durnin & James, CPA's
Post Office Box 506
Amite, La 70422

In connection with your audit of the component unit financial statements of the South Tangipahoa Parish Port Commission, Ponchatoula, Louisiana, as of and for the year ended December 31, 1994, you cited two instances of noncompliance with state law. I have considered the recommendations you made as contained in your report. The following outlines the actions we will take to correct these problems.

COMPLIANCE WITH STATE LAW

Finding #1 - Publication of Proposed Budget

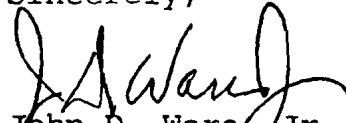
The South Tangipahoa Parish Port commission will comply with state law by publishing a summary of the proposed budget and call for a public hearing at least ten days before the public hearing is held.

Finding #2 - Budget Amendment

The South Tangipahoa Parish Port Commission will comply with state law by amending the budget when actual expenditures exceed amounts budgeted by five percent or more.

We believe these courses of action will satisfactorily resolve the conditions cited in your audit report.

Sincerely,



John D. Ware, Jr.
Executive Director

JDW/hm



SOUTHERN UNIVERSITY
BATON ROUGE, LOUISIANA 70813
(504) 771-2011

OFFICE OF THE PRESIDENT
(504) 771-4680

December 8, 1995

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA. 70804-9197

Dear Dr. Kyle:

I am submitting the University's response to the "**Employee Leave Records**" audit finding for the **1994-95 fiscal year**.

University officials partially concur with the audit finding that leave taken per the time sheet did not agree with the leave posted to the leave records. Time and attendance records are processed in advance of time worked. Therefore, in many instances time sheets will not match the leave records because change-in-payroll forms and leave applications are submitted after the original time sheet is processed. The cumulative leave records would reflect an aggregation of all documents that are used to report actual leave taken.

University officials do not concur that leave taken per the time sheets should necessarily agree to or be supported by a leave slip. Governing regulations provide that the employee and supervisor shall certify to actual hours worked and leave taken on an attendance record. This certification may be accomplished on the time and attendance sheet, the change-in-payroll form, or the leave slip. Leave taken and reported per the time sheets are certified by the employee and supervisor and approved by the Personnel Director. The time and attendance record (time sheet) represents documented approval of the leave time cited in the finding.

University officials concur that there were immaterial instances (6 out of 90) where leave cards had calculation errors. The calculation errors on the leave cards occurred because the accumulation of leave is a manual process. The proposed purchase and implementation of an automated Human Resource System will prevent future occurrences of calculation errors.

Dr. Daniel Kyle
(December 8, 1995)
Page 2

University officials do not agree that a leave card for one (1) employee was not located. However, a leave card was not provided for one (1) temporary employee. The cited employee's personnel file was being reviewed at the time of audit. Additionally, a temporary employee does not accumulate leave and a leave card would not be required in this instance.

The University will continue to monitor employee leave records to insure adequate controls are maintained over employee leave information. The purchase and implementation of the Human Resource System would also provide adequate controls to monitor employee leave records.

If additional information is needed, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dolores R. Spikes".

Dr. Dolores R. Spikes
President

DRS/bm



SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

BATON ROUGE, LOUISIANA 70813

(504) 771-2011

Baton Rouge, New Orleans,
Shreveport/Bossier City
LOUISIANA

November 21, 1995

Fax Number:
(504) 771-5522

Office of the President
(504) 771-4680

Dr. Daniel G. Kyle, CPA
Legislative Auditor
Baton Rouge, LA 70804-9397

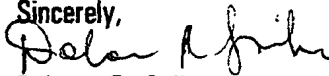
Dear Dr. Kyle:

This correspondence is in reply to your letter, dated November 13, 1995 requesting a response to the proposed report comment relating to a foreign bank account. University officials do not concur with the statement that "the University did not maintain adequate controls over the cash transactions in a foreign bank account in Zambia". University officials concur that collateral was not obtained to secure the bank account.

Transactions are posted to the accounting records that are maintained in Zambia as they occur. The Contracts/Budget Officer in the Center for International Development Programs reviews the transactions and detail support documentation upon receipt from Zambia. The conversion and reconciliation of the expenditures incurred to the advances made, takes place prior to forwarding the data to the Comptroller's Office for posting. Delays in the receipt of documentation and the need to request additional documentation from Zambia often prevent completion of the process as timely as might be the case in domestic situations. Efforts are being made to expedite the process.

Cash needs were accurately projected. The University policy for advancing cash to Zambia required that three (3) months of cash needs would be projected and maintained in the Zambia bank account. The rationale for this policy was based on the estimated time it would take to complete a reimbursement cycle, which was calculated as follows: 1) month of disbursement, 2) month for submission, conversion, and reconciliation of documentation, and 3) month during which actual reimbursement and deposit would occur. The cycle was intended to avoid unnecessary cash flow deficits that would impede the orderly implementation of the project. The process has been monitored, the time lines will be shortened and the cash amount reduced where feasible, without creating a hardship in Zambia.

Efforts were made to obtain collateral for the account. University officials were advised by the bank in Zambia that it did not put up collateral to cover funds on deposit. The Agency for International Development (USAID) regulation 22 CFR Part 226 (i)(2) indicates Advances of federal funds shall be deposited and maintained in insured accounts wherever possible. The University is conscious of the risk and effort is being made to reduce the exposure.

Sincerely,

Dolores R. Spikes
President

cc: Tolor E. White
Flandus McClinton


INCORPORATED 1880 RELOCATED 1914
SOUTHERN
UNIVERSITY
And
Agricultural & Mechanical College

Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

November 27, 1995

Dr. Daniel Kyle
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This correspondence is in reply to your letter dated November 6, 1995 requesting a response to the proposed report comment relating to **Missing Cash Receipts**. University officials do not concur with the statement that "Southern University - Baton Rouge Campus did not have adequate controls over the collection, depositing, and reconciliation of Laboratory School registration fees."

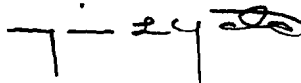
The University concurs that violations in the control procedures and the untimely reconciliation of the Laboratory School's class roster to paid registration receipts resulted in missing cash not being detected on a timely basis. Adequate controls over cash were in existence; however, employees failed to adhere to prescribed procedures.

Procedures have been strengthened and the registration process has been re-evaluated to prevent reoccurrence of this type of action. Effective with the 1995 Fall Semester, funds are required to be deposited on the day collected and registration receipts are immediately forwarded to the Billing and Receivable Manager. In no instances are funds allowed to remain on hand. The reconciliation of class rosters and the distribution of income by student is required to be performed within 30 days after classes begin.

A committee was established to implement an automated process for handling the Laboratory School registration process. A short term solution is currently being implemented and a long term solution is being reviewed. The committee's short term solution is to utilize the Student Information System (SIS Plus) to calculate registration fees in real time mode and to maintain an on-line record of paid students. A computerized report of students paid by grade level will be provided to the Laboratory School's administration on a daily basis. This plan will be implemented no later than the 1996 Fall Semester.

Please advise if you have any further questions or concerns.

Sincerely,



Marvin L. Yates
Chancellor

B-171

Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

September 18, 1995

**Dr. Daniel Kyle
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397**

Dear Dr. Kyle:

We are submitting the following response relative to the "Payroll and Personnel" audit finding for the Baton Rouge Campus:

PAYROLL AND PERSONNEL

Regular Employees - SF1 Document

The document required by Louisiana Revised Statute (LSA-R.S.) 49:290A to be filed with the Department of Civil Service is the SF1. The filing of this document is a manual process and is filed only after the Board of Supervisors has approved the personnel action form. Instructions for completing the SF1 do not mandate the "date field" be completed. Due to the process an action has to go through, very few, if any, agencies meet the thirty (30) day requirement. Thus, the agency that is the state clearing house for accepting the document has never mandated that the date field be completed. Whenever there are massive "across the board" pay adjustments or changes which affect all employees, it is impossible to process manually such changes within the thirty (30) day timeframe. It is also unlikely, with computerization, to process such massive changes in thirty (30) days.

The University has committed to purchase a Human Resource System during the 1995-96 fiscal year. This system, which is scheduled for implementation during fiscal year 1996-97, will automate the filing process and reduce the turn around time for delivery of the SF1 form to the Department of Civil Service.

B-172

Regular Employee - (L-4 and W-4 forms not on file)

All employees complete L-4s and W-4s at initial employment and then thereafter as the employee deems necessary. All employees identified in the audit were properly paying federal and state taxes. Once the initial L-4 and W-4 forms are completed, there is no expiration date if there is no change in status. Thus, a L-4 and W-4 form would be valid for 10, 15, 20 years. Prior to the mid 80's, L-4 and W-4 forms were filed in the Payroll Section. However, the forms were filed by month and year which meant one needed to know the month and year to locate the form.

However, since the mid 80's, the L-4 and W-4 forms are now being filed in Personnel Services. To obtain an updated L-4 and W-4 form on long term employees, Personnel Services sent L-4s and W-4s to all employees by letter dated 10/27/94 with a suspense date of 12/31/94. Personnel Services sent a follow-up letter on 5/23/95 to employees who did not respond to the initial letter. For those employees still not responding to the letters of 10/27/94 and 5/23/95, a payroll check, during the Fall 95 will be pulled and the employee will have to report to Personnel Services to pick up his/her check and execute an updated L-4 and W-4 form. Currently, Personnel Services is in the process of filing several hundred updated L-4 and W-4 forms on long term employees.

Student Employees (L-4 and I-9 forms)

The appropriate state withholding forms (L-4s) were not completed and filed for all student employees. However, all students awarded federal workstudy during the 1995-96 academic year were provided a preassembled package which includes the I-9, L-4 and W-4 forms. These forms are required to be completed prior to the issuance of authorization cards.

The employer's section of the I-9 forms was not completed properly. The procedure that was used to issue the I-9 document has been modified to eliminate the deficiency. Proper documentation is required and must be presented for verification.

Student Employees (Student work hours overlap scheduled class hours)

Notifications that student work hours should not overlap scheduled class hours are sent to both students and supervisors. Students are notified at the time of their award notification. Supervisors are notified monthly with the submission of the student payroll vouchers. This finding is not a procedural issue but a monitoring issue. The University will increase its efforts in performing due diligence to rectify the finding. This will involve unannounced visits to the offices cited for noncompliance. The University will, when necessary, reprimand the supervisors and department heads of these offices and even restrict or disallow student workers in said offices if offenses continue to occur.

If additional information is needed, please let me know.

Sincerely,

Marvin L. Yates
Marvin L. Yates
Chancellor

MLY:brs


INCORPORATED 1880 RELOCATED 1914
SOUTHERN
UNIVERSITY
AND
Agricultural & Mechanical College

Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

December 15, 1995

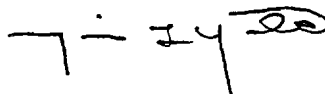
Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA. 70804-9197

Dear Dr. Kyle:

Transmitted herewith is the University's response to audit findings contained in the Federal Grants Financial and Compliance audit for the **1994-95 fiscal year**.

If additional information is needed, please let me know.

Sincerely,



Dr. Marvin L. Yates
Chancellor

MLY/bm

B-175

**SOUTHERN UNIVERSITY SYSTEM
BATON ROUGE CAMPUS
FEDERAL GRANTS FINANCIAL AND COMPLIANCE AUDIT
RESPONSE TO AUDIT FINDINGS
1994-95 FISCAL YEAR**

1. **PELL GRANT CALCULATIONS:**

Response

The University concurs that there were immaterial instances (2 out of 80) where pell grant calculations did not agree to the actual Pell disbursement. As noted in the audit, the University has adjusted the accounts of the affected students.

The review process has been strengthened to insure a higher degree of accuracy in calculating pell grant awards.

2. **FEDERAL FAMILY EDUCATION LOAN (FFEL) CONFIRMATION REPORTS:**

Response

The University is required to submit the FFEL Confirmation reports to only two (2) guarantee agencies instead of four (4). Tapes are submitted to these agencies twice during the school year. The computer programming problem which caused a delay in the timely submission of the reports has been resolved. Specific responsibility for resolving programming problems has been assigned to a senior system analyst. Future reports will be submitted to the guarantee agency on a timely basis.

The problems causing two (2) students' enrollment status to be incorrectly reported have been researched and corrected.

3. **NOTIFICATION TO LENDERS BETWEEN SUBMISSION OF STUDENT CONFIRMATION REPORTS (SCRs):**

Response

Procedures will be implemented during the 1995-96 academic year to notify lenders of any change in a student's enrollment/eligibility status between submission of SCRs. The University is researching the feasibility of utilizing on-line reporting for status changes.

4. **FINANCIAL AID TRANSCRIPTS (FATs):**

Response

The University recognizes that greater emphasis must be placed on the collection, review and assessment of financial aid transcripts. Current operating procedures will be strengthened to improve the collection and review process.

5. **REFUNDS AND REPAYMENTS TO THE TITLE IV PROGRAMS:**

Response

The University will revisit the refund/repayment process in concert with the departments involved to address the conditions cited and to strengthen operating controls.

6. **CONFLICTING STUDENT AID REPORT (SAR) INFORMATION:**

Response

The verification process can be very complex due to changing circumstances presented on a case-by-case basis. The verification staff is being afforded more in house training to cover basic concerns and scenarios unique to Historically Black Colleges and Universities (HBC's) that might not be discussed in other settings. The first training session was held October 11, 1995 in an effort to eliminate the conflicting information conditions. Other outside training will be requested.

7. **FEDERAL WORK-STUDY PROGRAM:**

Response

The Federal Work-Study staff will conduct a mandatory training workshop for all persons that supervise student employees (i.e. Deans, Directors, and Supervisors). The purpose of the workshop is to clear up misconceptions of the payment process and to emphasize adherence to established procedures.

8. **STUDENT FINANCIAL AID ELIGIBILITY:**

Response

The University concurs that there was an immaterial occurrence (1 out of 80) where a student previously in default of a Federal Family Education Loan was awarded and received financial aid.

This condition will be reviewed in concert with the revised procedures for collecting and reviewing financial aid transcripts. The revised procedures will detect and possibly prevent similar occurrences in the future.

9. **FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM:**

Response

The current procedure will be revised to reflect in-person entrance interviews. The required space to hold the group sessions will also be provided.

In addition, the electronic loan processing procedure will be revised and reviewed with all counselors to eliminate the loan certification condition.



SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

OFFICE OF THE CHANCELLOR

September 18, 1995

Dr. Daniel G. Kyle
Office of the Legislative Auditor
State of Louisiana
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9197

Dear Dr. Kyle:

The following is Southern University at New Orleans' response regarding the below listed 1994-95 Auditing Findings.

SCHEDULE OF EXCEPTIONS - REGULAR PAYROLL

1. **SF1's NOT RECORDED AT CIVIL SERVICE WITHIN TWO (2) MONTHS OF EFFECTIVE DATE.**

Southern University at New Orleans files support the finding as recorded, and SUNO is via, its Personnel Office, taking the steps necessary to file with Civil Service all SF1's within the required time frame.

2. **SF1's NOT PRESENT**

Southern University at New Orleans did not have SF1's on file for the persons and positions mentioned. The University is hereby taking steps to see that SF1's for all required employees are properly placed.

3. **I-9's NOT SIGNED BY EMPLOYER 5/76**

The University is taking steps necessary to see that all I-9 Forms are properly signed, filed and maintained for review as required. These measures will be handled in the Personnel Office.

SCHEDULE OF EXCEPTIONS - STUDENT PAYROLL

1. **W-4 AND L-4 NOT ON FILE**

Southern University at New Orleans will continue to assure that the policy of maintaining W-4's and L-4's on file for all student employees is enforced. Steps are being taken to make certain that the forms are properly and timely filed.

2. **I-9's WERE INCOMPLETE**

Southern University at New Orleans through its Office of Financial Aid, has established an appropriate checking system to certify that I-9 Forms are properly filed. This includes completion of the information required by the employer as well as the employee.

3. **CLASS AND WORK SCHEDULES OVERLAP**

The University has established a procedure that will verify computer generated class schedules and compare them to hours worked, and provide the necessary information to correct work schedules that, through the add and drop process, caused class/work conflicts.

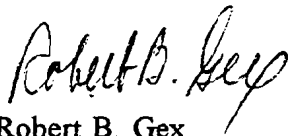
4. **STUDENTS WERE UNDER PAID FOR NOVEMBER, 1994 (NOT INCLUDING CALCULATION ERRORS ON TIME SHEETS).**

Student employees are required to be properly and adequately paid for the Service (Job) they render.

The Office of Financial Aid is taking steps necessary to monitor and verify time worked and pay requested for student employees. This procedure should rectify the errors found in this audit test.

Please advise if there are questions, or if other information is required.

Sincerely,



Robert B. Gex
Chancellor

RBG/ll

c: Mr. Tolor E. White
Mr. Flandus McClinton, Jr.



SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

OFFICE OF THE CHANCELLOR

January 12, 1996

Mrs. Marsha Guidry
Legislative Auditor
Office of the Legislative Auditor
State of Louisiana
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mrs. Guidry:

We are transmitting to you our responses to the 1994-1995 Financial Aid Audit Findings (10).

Sincerely,

A handwritten signature in cursive script that reads "Robert B. Gex".

Robert B. Gex
Chancellor

RBG/l

Enclosure

c: Mr. Tolor E. White
Mr. Flandus McClinton
Mr. Edward Phillips

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ - 0 -

CONDITION

1. STUDENT AID REPORTS
SELECTED FOR VERIFICATION

We noted during our audit that the University failed to obtain adequate financial information to support Student Aid Reports (SARs) which were selected for verification during the Fall, 1994 by the Department of Education for two (2) students out of a sample size of twenty-four (24). The University subsequently obtained after June 30, 1995 the verification documentation after awarding the aid.

UNIVERSITY'S RESPONSE

The University will adhere to the established procedures and will not process SARs that are not accurately prepared. In addition, Student Aid Reports will be processed in a timely manner as required.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ 0 -

CONDITION

2. FEDERAL FAMILY EDUCATION LOAN (FFEL)
CONFIRMATION REPORTS

During our audit of the FFEL Confirmation Reports (SCRs), we noted that the enrollment status was incorrectly reported for three (3) students out of ten (10) students tested.

UNIVERSITY'S RESPONSE

The University will follow policies and procedures established to ensure the accurate reporting of students' enrollment status.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ 0 .

CONDITION

3. NOTIFICATION TO LENDERS
BETWEEN SUBMISSION OF
STUDENT CONFIRMATION REPORTS

During our audit we noted that the University failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the Student Confirmation Report (SCR) for six (6) students out of ten (10) students tested.

UNIVERSITY'S RESPONSE

The University implemented procedures during early 1994-95 for ensuring proper notification of lenders between submission of SCRs.

Financial Aid Counselors are required to sign all withdrawal forms and compile the required notice to lender form. A report form is maintained in the Financial Aid Office which records the date the notice was mailed and the date of withdrawal.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS
\$11,333

CONDITION

4. FINANCIAL AID TRANSCRIPTS (FATs)

We noted during our audit of student files maintained by the Financial Aid Office that forty-nine (49) transfer students out of a sample size of forty-nine (49) did not have financial aid transcripts on file. The University subsequently obtained the forty-nine (49) missing FATs. However, two (2) students' financial aid transcripts indicated that the students were either in default of a Title IV loan or owed a repayment on a Title IV grant.

UNIVERSITY'S RESPONSE

The University established procedures to ensure that all transfer students have Financial Aid Transcripts on file. This is a computerized process. As recommended, an additional step which calls for questioning students to determine whether or not they attended another institution from which a Financial Aid Transcript is required, is being added.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ = 0 =

CONDITION

5. **COST OF ATTENDANCE CALCULATIONS**

We noted during our audit that the cost of attendance for twenty-nine (29) students out of eighty (80) tested was incorrectly calculated.

Additionally, for twenty-five (25) of the twenty-nine (29) students, the University reported the incorrect cost of attendance on the Federal Family Educational Loan (EFEL) applications.

UNIVERSITY'S RESPONSE

The University will adhere to its established procedures for calculating and reporting students' cost of attendance.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSES TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ = 0 =

CONDITION

6. REFUNDS AND PAYMENTS TO THE TITLE
IV PROGRAMS

During our audit of refunds and repayments, we noted the following instances of non-compliance:

- o Twenty (20) refunds out of fifty (50) were not refunded to the appropriate Title IV program on a timely basis;
- o The University did not calculate twenty-one (21) Appendix A refunds as prescribed by Federal Regulations for the spring semester;
- o Eleven (11) refund calculations out of fifteen (15) refunds were not calculated properly;
- o The University did not calculate pro-rata refunds for three (3) out of the fifty (50) students selected for testing;
- o One (1) repayment calculation out of fifteen (15) repayments was not calculated properly;
- o The student's account did not reflect the refund amount to the Title IV program per the University's calculation for thirteen (13) out of fifty (50) students tested; and
- o The University's refund and repayment policy does not adequately address in detail such federal guidelines as:
 - The Appendix A refund methods; and
 - A clear distinction between refund procedures and repayment procedures.

RESPONSE TO #6 CONDITION CONTINUED

UNIVERSITY'S RESPONSE

The University will update its refund and repayment policies and procedures to include the Appendix A refund methods; as well as, provide a clear distinction between refund procedures and repayment procedures

Staff members have been advised to cross check refund data prior to processing for check cutting.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ - 0 -

CONDITION

7. PROGRAM DOCUMENTATION - UPWARD BOUND

We noted during our audit that certain programmatic documents for the Upward Bound Program (CFDA #84.047) were not maintained for certain students as follows:

- o Documentation that students were assisted in preparing financial aid packets for four students out of four students tested;
- o Documentation for one year's growth in pre/post scores in reading and language for seven (7) out of ten (10) students tested;
- o Documentation that students satisfactorily completed college courses for four (4) out of four (4) Bridge students tested.

UNIVERSITY'S RESPONSE

The University has taken steps to ensure that proper and adequate documentation for activities taking place in the Upward Bound Program (CFDA #84.047) are maintained for all students. Records in support of these activities are to be retained for auditing and other required procedures.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ - 0 -

CONDITION

8. PROGRAM DOCUMENTATION - TALENT SEARCH

We noted during our audit of the Talent Search Program (CFDA #84.044) that certain programmatic documents were not maintained for certain students as follows:

- o Documentation that four (4) students out of four (4) students tested were assisted in completing applications for financial aid; and
- o Documentation confirming one student out of a sample of five attended sessions regarding the financing of a post secondary education.

UNIVERSITY'S RESPONSE

The University has taken steps to ensure that proper and adequate documentation for activities taking place in the Talent Search Program (CFDA #84.044) are maintained for all students. Records in support of these activities are to be retained for auditing and other related procedures.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$ - 0 -

CONDITION

9. FEDERAL FAMILY EDUCATION
LOAN PROGRAM (FFEL)

We noted during our audit that in one (1) instance out of eleven (11) tested the University failed to withhold disbursements to first year undergraduates for thirty (3) days.

Finally, we noted that documentation was not on file indicating that FFEL exit interviews were held with eleven (11) out of eighty (80) students.

UNIVERSITY'S RESPONSE

The University will adhere to established procedures governing disbursements to first year undergraduate students. Counseling and review measures are in place to ensure the process.

In addition, the University has encouraged counselors and others to follow the established procedures outlined in 34 CFR 682.604(g) governing official and unofficial withdrawals by borrowers.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1994-1995**

QUESTIONED COSTS

\$5,100

CONDITION

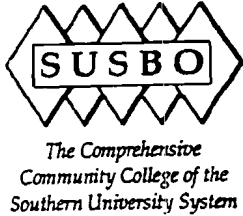
10. SATISFACTORY ACADEMIC PROGRESS (SAP)

We noted during our audit that one (1) student out of eighty (80) tested was awarded and received financial aid, although the student did not meet the University's standards for achieving satisfactory academic progress.

UNIVERSITY'S RESPONSE

The University will follow the required policies and procedures established for monitoring the academic standing of students applying for financial aid.

The standards and practices governing these procedures at the University are in keeping with Title IV regulations, Section 668.7 (c).



Southern University at Shreveport-Bossier City
Office of the Chancellor

September 15, 1995

Dr. Daniel Kyle
State Legislative Auditor
Baton Rouge, Louisiana

Dear Dr. Kyle:

Per your request, Southern University at Shreveport-Bossier City is transmitting audit responses for the fiscal year ending June 30, 1995.

If you have any questions regarding this correspondence, please contact me at (318) 674-3312.

Sincerely,

Jerome G. Greene, Jr., Ph.D.
Chancellor

JGG/mdj

Enclosure

B-193

3050 Martin Luther King, Jr. Drive • Shreveport, Louisiana 71107

Phone: (318) 674-3312 • Fax: (318) 674-3374

Toll-Free: 1-800-458-1472

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Dr. Daniel Kyle
Page 2
September 15, 1995

FINDING: Perkins Loan Notes Receivable

RESPONSE:

Southern University at Shreveport-Bossier City did complete a contract with EduServ Technologies to perform billing services for Perkins Loans notes.

In November 1994, the University transferred 484 files to EduServ and began posting receipts from EduServ to the student subsidiary ledger.

However, because of critical personnel changes within the Business Office (i.e., new Vice Chancellor for Administration, new Director of Accountings Services, vacant A/R accountant position) during fiscal year 1994-95 we were unable to commit the personnel necessary to bring the reconciliation process to a closure and identify differences between the NDSL subsidiary ledger and supporting documentation.

We are committed to completing the reconciliation of unidentified Perkins Loans notes receivable in FY 95-96 and will make every effort to make the necessary resources available to accomplish this task.

Dr. Daniel Kyle
Page 3
September 15, 1995

FINDING: Payroll and Personnel

RESPONSE:

Southern University at Shreveport-Bossier City will make every effort to adhere to state and federal laws, Civil Service rules and regulations, and maintain good internal control regarding personnel reports.

We will continue to review all employee personnel files and submit required notifications of employment status (SF-1) to Civil Service.

However, based on our documentation forms were properly filed, but in some cases incompletely filled out.

In addition, procedures will be developed to segregate duties within the student payroll section.



The Comprehensive
Community College of the
Southern University System

Southern University at Shreveport-Bossier City
Office of the Chancellor

December 8, 1995

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

I am submitting the following response relative to the 1994-95 audit finding for **Unauthorized Student Loans**:

Southern University at Shreveport/Bossier City campus has taken steps to review and strengthen existing policies and procedures to ensure that funds available for loans are properly calculated prior to loans being disbursed and that loan transactions are posted timely to the general ledger.

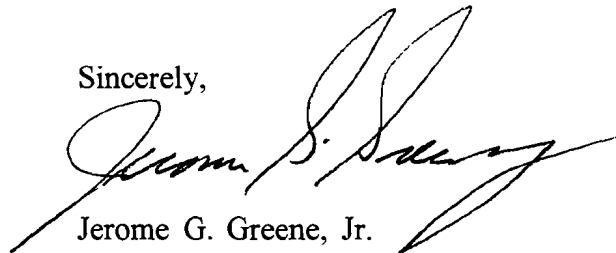
The Financial Aid Director and the Director of Accounting Services will jointly verify the amount of original funding available for making loans at the beginning of the fiscal year, and insure that loan transactions are posted in a timely manner. A reconciled loan balance will be maintained throughout the fiscal year.

The university implemented an automated packaging system in the fall of 1995 that has built-in budget constraints to prevent over-awarding/spending on both an individual and total award funding basis.

The university has explored alternative funding sources for funding the loans which were made. Efforts to obtain an alternate source of funding for the loans have been unsuccessful to date. We will continue to seek alternative funding sources for the loans so that the various restricted and auxiliary accounts affected may be reimbursed.

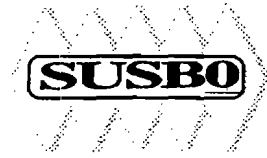
If additional information is needed, please let me know.

Sincerely,



Jerome G. Greene, Jr.
Chancellor

JGGjr./kbs



*The Comprehensive
Community College of the
Southern University System*

**Southern University at Shreveport-Bossier City
Office of the Chancellor**

January 16, 1996

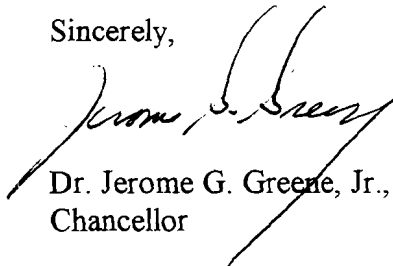
Dr. Daniel Kyle,
Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9391

Dear Dr. Kyle:

We are transmitting for your review, audit responses for the Federal Grants Financial and Compliance Audit for the period ending June 30, 1995 for Southern University-Bossier City campus.

Should you have any question regarding this information, please contact me at (318) 674-3348.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Jerome G. Greene, Jr.', written over a horizontal line.

Dr. Jerome G. Greene, Jr.,
Chancellor

B-197

Southern University System
Shreveport-Bossier City Campus
Schedule of Recommendations and Responses

1. Recommendation

We recommend that the University establish policies and procedures to ensure that lenders are notified in a timely manner of all changes in a student's enrollment status.

Response

A procedure has been implemented to monitor withdrawal and/or pursue status changes that occur within each month. The referenced reports will be generated by the Registrar's Office and transmitted to the Financial Aid Office which will subsequently take responsibility for sending the reports to lenders.

Strict compliance will be required of accountable individuals to assure timely submission of the Student Confirmation Reports (SCRs) with no exceptions made.

2. Recommendation

We recommend that management adhere to established procedures and ensure that actual hours per time sheets are calculated properly.

Response

The established policy governing the coordination of student workers' class schedules with work schedules will be strictly adhered to. Further, the coordinator responsible for Federal College Work Study Program will assume direct accountability for making sure that minor exceptions of this nature do not reoccur.

3. Recommendation

We recommend that the University adhere to established policies and procedures for providing exit conference material to borrowers who graduate, withdraw or cease to re-enroll.

Response

The University will strictly adhere to its established policy governing exit conferences for graduates, students who withdraw or otherwise terminate enrollment. Consideration and provisions will be made to address the unique clientele served by Southern University, Shreveport-Bossier City campus. The resident clientele is generally characterized as being extremely transient, in that many students enroll on impulse and exit the University without going through the established

withdrawal process. Our remedy for this situation is to send certified-return letters to affected students and retain proof of same in the Financial Aid Office records.

4. Recommendation

We recommend that the University adhere to established procedures with regard to the calculation and refunding amounts due to the Title IV programs.

Additionally, we recommend that the University take immediate steps to revise its refund and repayment policy.

Response

The University will adhere to established procedures regarding the calculation and refunding of amounts due to the Title IV program. Responsible employees have been counseled in reference to the importance of accurate computations and the timely submission of Title IV refunds.

Additionally, revision of the system-wide refund policy should be completed soon.

5. Recommendation

Subsequent to September 30, 1994, most of the responsibilities associated with due diligence have been assumed by the outside service center. However, we do recommend that entrance/exit counseling, collection and litigation procedures that are to be performed by the University be adhered to.

Response

As noted by the Auditor, Billing and Collection functions have been transferred to an external service center (EduServe). Steps are proposed to strengthen the University's consideration of entrance and exit counseling as follows:

1. Prior to, and, as a prerequisite for receipt of campus-based loans, recipients will be required to meet with a Financial Aid Office counselor where they will be informed of collection and litigation procedures in addition to viewing an informative video on the loan process.
2. At the end of each academic semester recipients will be required to attend an exit counseling session as a condition for receipt of grades and/or transcripts.

6. Recommendation

We recommend that the University develop appropriate procedures to ensure that the calculation and monitoring of available Perkins loan funds is performed properly.

Response

Internal control procedures regarding compliance and fiscal accountability have been reviewed and strengthened to ensure on going monitoring of account balances.

7. Recommendation

We recommend that the University adhere to its established procedures in the calculation of the student's cost of attendance.

Response

The University will strengthen its monitoring of procedures that govern calculation of student budgets and accompanying cost-of-attendance. As referenced by the Auditor, procedures are already in place to accomplish the adherence referenced in the recommendation.

8. Recommendation

We recommend that management of the University adhere to established procedures with regard to ensuring costs are allowable under the terms and conditions of the grant.

Response

The University disagrees with the findings of the auditors in this matter. Our records indicate the cited employee was hired as an adjunct instructor in Computer Science for the Fall 94 Semester (August 18, 1994 - December 16, 1994).

In November 1994, he was hired as Director of Information Systems and his full-time salary charged to the Title III grant.

The employee completed teaching the two (2) adjunct classes and was paid \$3,000 from Title III carryover funds (\$1500 per class). We have been unable to find any regulations stipulating federal approval of carryover funds.



State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

September 11, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

This letter is in response to the repeat finding concerning the untimely payment of health claims and death claims.

I concur with this finding as it relates to the payment of health claims, but want to stress that this agency makes every effort to process claims within 30 days of the receipt of all necessary documentation. We have consistently requested additional permanent staff through the budget process and through direct appeal to the Division of Administration to alleviate this problem. We have over the past five years experienced a growth in plan members without a corresponding increase in personnel.

Further, we converted to a new claims processing system and computer system during the past fiscal year. As expected with any conversion of this magnitude, we experienced numerous problems and delays that were not within our control.

At January 1, 1995, we were current with the payment of claims. Conversion problems experienced between January and March caused extraordinary delays in the payment of claims and resulted in a backlog.

Though we have experienced delays, we have maintained an average turnaround time of 10 1/2 days.

We continue in our efforts to achieve a 30 day turnaround time with a minimum staff and expect to maintain that when we have recovered from the conversion problems that we have experienced.

We also concur with the finding as it relates to the untimely payment of death claims. We attribute the delays in the processing of the two claims mentioned to the unavailability of eligibility files that were necessary to process the claims. These documents must be received from other agencies and/or Civil Service and the timely receipt of this information is not within our control.

B-201

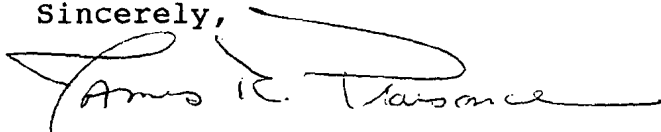
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Page 2
Dr. Daniel G. Kyle
September 11, 1995

However, we will implement written procedures that will provide for routine and timely follow up to our requests for documentation and will hopefully prevent such delays in the future.

Sincerely,

A handwritten signature in cursive script that reads "James R. Plaisance". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

James R. Plaisance
Executive Director

JRP/kgm

cc: Bruce J. Minor
Kaye Milliner



State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804
November 21, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

In the absence of the Executive Director, I am responding to the finding concerning the internal control structure over the new electronic claims processing system.

We concur with the finding as it relates to potential overpayments that occurred during the conversion as the result of an inability of the new system to read certain coding of the old system. We were initially unable to determine if overpayments were made and the dollar value of the respective receivables. However, a report has been generated that is currently being reviewed and will identify any overpayments that were made. Every attempt to collect overpayments will be made.

We do concur with the finding in that claims examiners do have the ability to input and adjudicate claims. However, we do not agree that this is a problem that needs to be corrected.

It is the industry standard and the goal of this agency to adjudicate claims as effectively and efficiently as possible. Obviously, the more examiners that it takes to process a claim, the greater the cost.

The RIMS claims processing system is a packaged software program that is widely used by insurance companies. The RIMS system is designed to allow examiners to both input and adjudicate claims.

The previous claims processing system (Datapoint) did not initially separate claims adjudication into two separate functions. Tracking of claims was not introduced until 1991 and was intended to account for the claims that had been received. It was not introduced for the purpose of separating the functions.

Additionally, reports can be generated that will identify any claim entered and adjudicated by a claim examiner (not entered through Claims Batch Entry). These reports can be reviewed to determine if claims not entered through CBE are, in fact, valid. Any invalid claims would be identified.

B-203

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Page 2
Dr. Daniel G. Kyle
November 21, 1995

We concur with this finding as it relates to the lack of written procedures for operations, file maintenance, and modification of the system. However, we do have written procedures relating to security.

It was the agency's intention to convert to the new claims processing system and refine it so that claims could be paid accurately and timely in accordance with the plan document and state law. Internal written procedures would be prepared at a subsequent date so that all time and energy could be spent on the actual conversion.

It remains our intention to prepare written procedures.

Sincerely,



Ann B. Davenport
Deputy Director

ABD/kgm

cc: James R. Plaisance
Bruce J. Minor
Kaye Milliner



State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

September 8, 1995

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804

Dear Dr. Kyle:

In response to the repeat finding concerning time and attendance for the fiscal year 1995 legislative audit, please note the following regarding the lack of documentation:

I do not feel that this should be considered a repeat finding. The finding was not presented until December, 1994. The recommendation made by the auditors was not specific and we were uncertain as to what documentation would be sufficient to satisfy all rules and regulations. Soon after a suggested format was presented, the new time and attendance records were implemented.

This finding was presented in December, 1994 and we responded on December 15, 1994. In our response we requested that the auditors specifically outline what documentation would satisfy the finding to insure that whatever was implemented would be sufficient to satisfy all requirements and regulations.

The auditors met with me and other agency employees concerning this issue. Suggestions were made, but there was uncertainty as to whether the suggestions would satisfy all requirements and regulations.

The exit conference was held on February 7, 1995 and the finding, recommendation, and our concerns were once again discussed.

The management letter citing the finding and the recommendation was issued on April 12, 1995. Though a summary of our response was included, no mention of our request for specific documentation was made.

The new internal audit director, a former legislative auditor, began working at the agency in May, 1995. I requested that she design a time and attendance record that she felt would satisfy the finding.

B-205

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Page 2
Dr. Daniel G. Kyle
September 8, 1995

The new time and attendance reports were reviewed by the staff and were implemented agency wide on June 19, 1995.

As you can tell by my response, the current annual audit had already started prior to resolution of this finding by the auditors and specific documentation was received.

I concur with the exceptions noted in the testing of time and attendance records. These exceptions were due to human error and oversight. The payroll department will be directed to routinely audit these records to hopefully eliminate these types of errors.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Plaisance". The signature is stylized with large, sweeping loops and a long horizontal tail.

James R. Plaisance
Executive Director

JRP/kgm

cc: Bruce J. Minor
Kaye Milliner



STATE PLUMBING BOARD OF LOUISIANA

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JEFFERSON

DON TRAYLOR
EXECUTIVE DIRECTOR

October 5, 1995

Mr. Edward G. Berbuesse, Jr. C.P.A.
Wegmann.Dazet & Company
Suite 1660 - Heritage Plaza
111 Veterans Blvd.
Metairie, Louisiana 70005

Dear Mr. Berbuesse:

In response to you informing me that the State Plumbing Board is not in compliance with the requirements of the Louisiana Licensing Agency Budget Act, I would like to state that we were unaware of this act and its requirements.

This Board will take all steps necessary to assure compliance in the future. We appreciate you informing us of this deficiency.

Sincerely,

A handwritten signature in cursive script that reads "Don Traylor".

Don Traylor
Executive Director

DT/jm



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

JUDE W. P. PATIN
SECRETARY

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

This is in response to your audit finding, concerning ineligible costs being billed to the Federal Highway Administration.

After a thorough review, we discovered that the court judgement fixed the court costs involved on this payment. This was an unusual occurrence, since court costs are normally itemized and billed directly from the clerk of court and not placed in the form of a judgement. As a result of this peculiarity, a settlement itemization was not forwarded to our Real Estate Section from our Legal Section. Also, the real estate agent involved was unaware that a judgement could include a nonparticipating cost.

In summary, our Real Estate Section has determined that the error was caused by the method the judge chose to bill for court costs, rather than inadequate reviews of acquisition payments. This was an isolated and unique occurrence. We are confident that our systems and procedures are in place to avoid any recurrence.

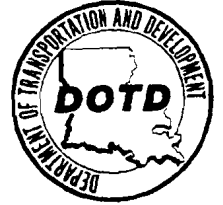
If I can be of further assistance, please contact me or Mr. James Dousay, (504) 237-1214.

Sincerely,

Jude W. P. Patin
Secretary



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

November 29, 1995

JUDE W. P. PATIN
SECRETARY

Dr. Daniel G. Kyle
Legislative Auditor of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

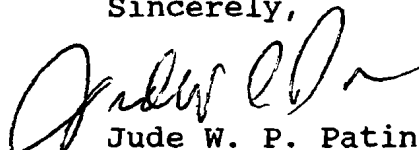
This is in response to your recent audit finding, concerning the interfund borrowing by the Transportation Trust Fund (TTF) from the Transportation Infrastructure Model for Economic Development (TIMED) Program.

Senate Concurrent Resolution No. 126, of the 1993 Regular Session of the Legislature, requested that the Department study the TIMED Program and to report on its funding prognosis to the Joint Legislative Committee on Transportation. In May 1994, I appeared before the committee and provided a detailed briefing and analysis of the program. I reported that the program would be underfunded by approximately \$1 billion. During this briefing, I also addressed the issue of the interfund borrowing. I explained that to take \$160 million from the DOTD Needs and Priority Program to repay the TIMED Program was "robbing Peter to pay Paul." The Department's recommendation to the committee was to pass legislation to extend the 4-cent tax, until all of the projects were completed. This, in effect, would negate the need for the interfund loan to be repaid, and the Department further recommended that the legislation should also be revised to forgive the interfund debt.

The Department did not receive any guidance from the committee. As a result, I again advised the leadership of the Joint Legislative Committee on Transportation in my March 9, 1995, letter (enclosed) of the Department's recommendation and proposed course of action for the TIMED Program. The Department drafted proposed legislation to address the issue in the 1995 Regular Session, but it was not introduced. The Department is prepared to resubmit this legislation in the upcoming session. Please be assured that the Department is committed to fulfilling all aspects of the TIMED Program and will continue in its efforts to complete these vital transportation projects

If I can be of further assistance, please contact me or Mr. Gerald Ray, (504) 379-1234.

Sincerely,


Jude W. P. Patin
Secretary

Enclosure

December 8, 1995

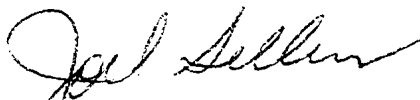
Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Response to Audit Findings for the Year Ended June 30, 1995
Medical Center of Louisiana - University Campus - \$900,000

Dear Dr. Kyle:

Hospital management does not agree with the audit recommendation. The Hospital prepared the check to transfer funds to Facility Planning based on conversations with the Facility Planning staff. The Hospital did not realize that Facility Planning did not have budget authority to accept the funds and manage the project. The LHCA, with concurrence from the Department of Health and Hospitals, has requested authorization from the Division of Administration to carry the funds over into the 1995-96 budget and to manage the project within the agency. Approval of the BA-7 is in process at the time of this letter.

Sincerely,



Joel C. Sellers, CPA, CHE
Chief Financial Officer

JCS/esc

cc: Jonathan Roberts, Dr. P.H.
Art Landry (LHCA)

B-210

December 8, 1995

Daniel G. Kyle, Ph.D., CPA
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Response to Audit Findings for the Year Ended June 30, 1995
Medical Center of Louisiana - University Campus - Patient Charges

Dear Dr. Kyle:

Hospital fiscal management feels that management effort must focus on maximizing collections and cash flow for the Hospital while adhering to State and Federal regulations. The following actions will be taken in the coming year:

1. Screening information will become part of the electronic financial record in the spring of 1996 when the current University Hospital billing system is replaced.
2. We concur that medical records on the selected cases should have been found during the audit and will emphasize this policy to the Director of Medical Records.
3. The procedure for obtaining and filing the declaratory statements for indigent patients will be reviewed and revised as necessary to improve adherence to policy.
4. The hospital has begun a major project to upgrade and improve the patient billing system. This project will include improved timelines of billing.
5. The Coding and Revenue Enhancement department will continue to monitor and review charge capture procedures to reduce under charges on patient bills.

Sincerely,



Joe C. Sellers, CPA, CHE
Chief Financial Officer

JCS/esc

B-211



THE UNIVERSITY OF SOUTHWESTERN LOUISIANA

P.O. Box 40400
Lafayette, LA 70504-0400
(318) 482-6235 Fax: (318) 482-6534

OFFICE OF THE VICE PRESIDENT
FOR BUSINESS AND FINANCE

Université des Acadiens

September 26, 1995

Dr. Daniel G. Kyle, PhD, CPA, CFE
Legislative Auditor, State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In reference to the audit of the University's financial records for fiscal year 1994-95, the following is the response to the comment concerning the Federal Perkins Loans.

Management's response:

In May of 1995 our Internal Auditor brought to our attention the fact that expenditures from the Federal Perkins Loans exceeded the amount of cash available. We immediately requested appropriate information from the Dean of Enrollment Management and Director of Financial Aid and learned that the financial aid office had approved loans based on the U. S. Department of Education approved level of expenditures, rather than on the available funds in that program.

By letter dated June 1, 1995, from the Vice President for Business and Finance to the Dean of Enrollment Management and Director of Financial Aid, the following actions were taken in an effort to resolve this problem by June 30, 1996.

- A. Approval of a lending plan for 1995-96 which called for discontinuing awarding Federal Perkins Loans to continuing borrowers for the Fall and Spring once the Federal Capital Contribution (FCC) and Institutional Capital Contribution (ICC) had been expended. This would allow for all loan repayment proceeds estimated at approximately \$600,000 to be applied toward the excessive loans made in 1994-95. In addition, any attrition arising out of loan cancellations are not to be re-loaned but applied toward the reduction of 1995-96 loans. This procedure should allow for the Federal Perkins Loans to be in a sound financial condition by June 30, 1996.
- B. Implemented a procedure requiring, by April 15 of each year, a lending plan for the ensuing year to be submitted and approved by the Vice President for Business and Finance. The lending plan cannot exceed the available funds estimated for the fiscal year.
- C. Implemented a procedure whereby the University Comptroller prepares a financial analysis of the Federal Perkins Loans on a monthly basis beginning July 1, 1995, in order to determine if the lending plan is working to resolve the problem.

The Comptroller's report for the month of August 1995 reflects that the matter of excessive loans for 1994-95 will be resolved by June 30, 1996.

It is our feeling that the action delineated above has resolved the matter concerning the auditor's comment, and the implementation of these procedures will preclude any further problems with the Federal Perkins Loans.

Sincerely,

Ovey Hargrave, Jr.
Vice President for
Business & Finance

Ray Authement
President



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 19, 1996

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the audit finding on the Executive Department concerning "Centralized Computer Accounting System", the Division of Administration offers the following:

CENTRALIZED COMPUTER ACCOUNTING SYSTEM

MANAGEMENT RESPONSE:

We concur in part with the auditor's finding but take exception to certain comments.

For over a decade, the Division of Administration recognized the need for enhanced information systems, but was unsuccessful in getting legislative funding for system enhancement and/or replacement.

In May of 1991, the Division of Administration utilizing in-house financial staff, together with an agency sponsored Steering Committee, began the first phase of the Financial System Replacement Project (ISIS). During fiscal year 1991-92, the Division was successful in having approximately \$225,000 budgeted to continue the user needs assessment phase of the project. During the fall of 1992, the user needs assessments were formalized and the Request for Proposal for software acquisition was completed and mailed to possible vendors. Called "Integrated Statewide Information System," a committee was formed to evaluate the proposals and recommend an award.

In May of 1993, an award was made to American Management Systems to provide software (GFS) and implementation analysis and assistance. Due to the lateness of the fiscal period funding provided in fiscal year 1992-93, this phase was rolled forward to fiscal year 1993-94. Stress and acceptance testing as well as design are now finished. Implementation efforts are now the major thrust of the project, and an implementation production date of July 1, 1996 will occur.

Dr. Daniel Kyle
February 19, 1996
Page 2

It is also important to note that the Purchasing component (AGPS) of ISIS, is complete and went into production April 1995. Also, the Contracts component (CFMS) of ISIS is complete and went into production February 6, 1996.

During this process, the necessity for a new Budget Development & Information System was also identified. As a result, a needs assessment and conceptual systems design which meets the needs of the Executive Administrative, agencies, and Legislative fiscal entities was completed and accepted and let for bid. An award was made to Anderson Consulting to develop and implement a comprehensive client server based budgetary system to include budget control, development, legislative tracking, etc. The result being a true budgetary management information system rather than a limited budgetary maintenance system. This system is currently not scheduled for completion and implementation within the control units until the 1997-98 budgetary cycle.

During fiscal year 1993-94 the Division of Administration continued to explore methods to enhance payroll and personnel systems while ISIS continued. As a consequence the Division through the Uniform Payroll Steering Committee initiated, staffed, and completed another major enhancements to the existing Uniform Payroll System. This enhancement, to re-write those programs related to the IRS Section 125 (Cafeteria Plan), was placed into production in April 1994. This enhancement expanded the product and employee identification abilities and eliminated the former manual monthly reconciliation and adjustment processes. These activities were performed utilizing internal staff resources of the Division of Administration. In addition, the Division of Administration continues to provide support services to the State Employees Group Benefits Program as it attempts to modify the state's Section 125 Plan now under their control.

During fiscal year 1994-95, the Division through the UPS Steering Committee, staffed and initiated another series of major enhancements to the UPS system, namely Electronic Fund Transfer (EFT) or Direct Deposit and Direct Mail for employee compensation purposes. The enhancements went into production in May and October 1995, respectively. In addition, an automated void and supplemental processing component was initiated in 1995.

We believe this demonstrates the executive and legislative branches resolve to move forward, and the Division of Administration's commitment to assure that all facets of information management are addressed.

Much has been accomplished, but it is important to realize that the ISIS project is massive in scope. Further, rather than just duplicating existing systems and processes **the charge of the project team is to actively research alternative methods of doing business and to consider alternative methods of implementation.**

Dr. Daniel Kyle
February 19, 1996
Page 3

We do not concur that with specific notation that FACS is not a complete general ledger system. FACS does contain a "complete" general ledger system, its failings are that it does not incorporate all the reporting component units and activities of state entities, which is a result of age and legislation, and it does not incorporate several required subsidiary components.

Additionally, the audit finding implication is that ISIS will be a panacea to resolve the issues noted. ISIS is a solution, however, it's current implementation strategy is restricted due to statutory provisions. For example, as noted, in the audit finding, the Department of Labor, colleges and universities, and many boards and commissions, are not users of FACS. This is due primarily to the provisions of Article VII, Section 9 of the 1974 Constitution, not Systems Designs restrictions. Given the current status of Article VII Section 9 of the 1974 Constitution as well as numerous statutory provisions, those entities will continue to be non-primary users of ISIS, and consequently the problems enumerated by the audit finding will continue until such time as statutory or constitutional revisions are made.

Finally, the audit finding indicates that the sole purpose of ISIS's development was the production of a GAAP based financial statements. That implication is in error. While facilitation in the production of such statements was a stated goal of ISIS, the over riding goals were the development of a information management system that provided departmental users management information tools necessary to allow them to meet their program and operational mandates.

Sincerely,



Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm

Attachment



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 19, 1996

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70803-9397

Dear Dr. Kyle:

In response to the audit finding on the Executive Department concerning "Internal Audit Function, the Division of Administration offers the following:

INTERNAL AUDIT FUNCTION

MANAGEMENT RESPONSE:

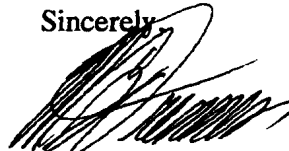
We concur with the finding. While auditors are stationed at numerous state entities their function is often limited to grant and limited compliance (i.e., property control) functions. Most agencies have access to IA functions only through the Office of Inspector General and utilization of that personnel has been at the Inspector General's discretion. That access was further eroded in fiscal year 1992-93 when a legislative funding reduction forced a reduction of 3 auditors in the Inspector General's Office. Fiscal Years 1993-94, 1994-95, and 1995-96 funding as reduced that level by 2 additional audit personnel.

Recognizing the importance of the internal audit function, the Division has continued to include the positions in its Budget Request for the last several years and has done so again for fiscal years 1995-96 and 1996-97. In fact, the Division has submitted and received approval from Civil Service for the establishment of an Internal Audit function for the Executive Office outside that of the Inspector General's Office. Due to the budget crisis which has plagued the state for the past few years, the request has either been deleted or not funded by the Legislature. It should be noted that for fiscal year 1994-95 agencies are required by Act 15 of the 1994 Regular Legislature Session to utilize existing program resources and table of organization for the purpose of establishing an internal auditor in entities having budgets in excess of \$30 million dollars. Consequently, for the present,

Dr. Daniel Kyle
February 19, 1996
Page 2

while the Division agrees with the finding, the internal audit function for agencies, other than those few having a true internal audit staff, must continue to use available resources within the Office of the Inspector General, or the required internal audit allocation identified in Act 6 of 1995, or identify other internal sources.

Sincerely,



Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm

Attachment



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 19, 1996

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70803-9397

Dear Dr. Kyle:

In response to the audit finding on the Executive Department concerning "Movable Property Records, the Division of Administration offers the following:

MOVABLE PROPERTY RECORDS

MANAGEMENT RESPONSE:

The Division of Administration concurs with the finding.

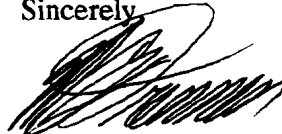
The Division of Administration will again request written confirmation of the respective departments and agencies as to the validity of the findings, and corrective action taken or to be taken. Enforcement actions taken, within our purview, will be based upon the past compliance of the departments and agencies.

The Division also concurs, to some degree, with the cited agencies responses that the non-compliance is often a result of inadequate resources being provided to meet the legal and desired operational requirements cited by the auditor. It is important to note that agencies have recognized the problem and have attempted to implement operational procedures to mitigate its impact throughout the fiscal period in question. However, unless this program is made a priority and adequate resources provided by the legislature, then the limited resources that do exist will continue to go toward providing agency program services and, therefore, this finding may continue in some form in the future.

Dr. Daniel Kyle
February 19, 1996
Page 2

It is important to note that the Division of Administration submitted legislation which was passed in the 1995 Regular Legislative Session which provides enforcement actions to be taken on behalf of the departmental units without their concurrence. Copies of that legislation are attached to this response and will be incorporated to the respective departments to bring their attention to the appropriate corrective actions.

Sincerely

A handwritten signature in black ink, appearing to read 'Mark C. Drennen', written over a horizontal line.

Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm

Attachment



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 19, 1996

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70803-9397

Dear Dr. Kyle:

In response to the audit finding on the Executive Department concerning "Online Data Entry", the Division of Administration offers the following:

ONLINE DATA ENTRY

MANAGEMENT RESPONSE:

The Division of Administration does not concur with the finding and reiterate our response of prior years.

The technical systems design of the On-Line Data Entry System (ODES) does utilize the use of passwords and user ID codes in order to prevent incompatible functions. The systems design does not automatically preclude, nor was it designed to prevent an employee from having more than one access capability. As noted in the various agency responses to this finding this was done in the recognition that employees often have cross appropriation responsibilities (data entry in one, approval in another). To design an absolute system default preventing this type of cross utilization would in many instances, due to the agencies limited staffing level, not allow for duties to be performed or any segregation of duties to occur.

It is important to note that the established ODES user procedures are written to also assure that agencies are cognizant of the need for the separation of duties and that incompatible functions within an appropriation do not occur. The findings presented by the auditor represent a failure by the agencies to follow established procedures, not a failure of the system design. A reminder notice, once again, will be provided to all user entities of the necessity to follow established procedures in the future.

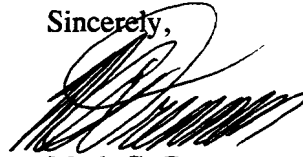
It should be noted, that to alleviate the auditors concerns, a revised Exception Report and Transaction Listing Report was developed and remains in place for user entities to provide a post audit compliance function on this activity.

B-220

Dr. Daniel Kyle
February 19, 1996
Page 2

We appreciate the opportunity to have been apprised of your concerns and to respond to them. Should you require additional information on these responses, please contact Mr. Whitman Kling at 342-7000.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark C. Drennen', written in a cursive style.

Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm

Attachment

Appendix C

Findings and Recommendations Index by Agency



LEGISLATIVE AUDITOR

Appendix C

STATE OF LOUISIANA
Findings and Recommendations
Index by Agency

	Page No.
AGRICULTURE AND FORESTRY, DEPARTMENT OF	
Timely Submission of Federal Financial Reports.....	101
CHARITY HOSPITAL AND MEDICAL CENTER OF LOUISIANA AT NEW ORLEANS	
Patient Charges	31
Pharmacy Perpetual Inventory.....	32
Warehouse Physical Inventory	33
CRESCENT CITY CONNECTION DIVISION	
Other External Auditor Finding.....	148
DELGADO COMMUNITY COLLEGE	
Entrance and Exit Counseling.....	113
EARL K. LONG MEDICAL CENTER	
Patient Billing	34
EDUCATION, DEPARTMENT OF	
Administrative Costs	114
Audit Resolution.....	114
Cash Management.....	101
Church-Based Tutorial Program	115
Professional Improvement Program	35
Public Education Financial Survey.....	117
EXECUTIVE DEPARTMENT	
Centralized Computer Accounting System	19
Compilation of State's Financial Statements.....	20
Fund Balance Requirements - Patients' Compensation Fund	75
Internal Audit Function	22
Internal Control - Office of Facility Planning and Control	35
Movable Property Records	23
On-Line Data Entry System	36
Rural Development Program	75
Subrecipient Monitoring and Audit Resolution	136
Time Distribution Records.....	103

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
FIFTH LOUISIANA LEVEE DISTRICT	
Other External Auditor Finding.....	140
GRAMBLING STATE UNIVERSITY	
Administrative Capability.....	157
Cash Receipt Controls.....	39
College Work-Study Conflicts.....	174
Federal Family Education Loans Program Applications.....	159
Investment Compliance.....	76
Investment Controls.....	41
Outside Service Center.....	160
Refunds and Repayments to the Title IV Programs.....	158
Satisfactory Academic Progress Policy.....	157
Student Aid Reports.....	159
Student Confirmation Reports.....	158
Student Financial Aid Over-Awards.....	159
GREATER KROTZ SPRINGS PORT COMMISSION	
Other External Auditor Finding.....	140
Other External Auditor Finding.....	149
HEALTH AND HOSPITALS, DEPARTMENT OF	
Allocation of Block Grant Funding.....	136
Audit Report Monitoring.....	137
Cash Management of Block Grants.....	104
Confidentiality of Medicaid Recipient Information.....	118
Drug-Free Workplace.....	104
Medical Assistance Trust Fund.....	42
Medicaid Cash Management.....	105
On-Line Time and Leave Entry System.....	42
Provider Audits.....	30
Rate Setting.....	65
Time and Attendance Records.....	77
LABOR, DEPARTMENT OF	
Cash Management.....	107
Time and Attendance Records.....	43
LEGISLATIVE FISCAL OFFICE	
Other External Auditor Finding.....	140

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
LEONARD J. CHABERT MEDICAL CENTER	
Commodities Inventory Records and Reports	65
Controls Over Disbursements	78
LIEUTENANT GOVERNOR, OFFICE OF THE	
Cash Management.....	108
LOUISIANA AUCTIONEERS LICENSING BOARD	
Other External Auditor Finding.....	149
LOUISIANA BOARD OF EXAMINERS FOR SPEECH PATHOLOGY AND AUDIOLOGY	
Other External Auditor Finding.....	149
LOUISIANA BOARD OF HEARING AID DEALERS	
Other External Auditor Finding.....	150
LOUISIANA BOARD OF PHARMACY	
Other External Auditor Finding.....	141
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY	
Other External Auditor Findings	141
Other External Auditor Findings	146
LOUISIANA HOUSING FINANCE AGENCY	
Other External Auditor Findings	147
Other External Auditor Findings	156
Other External Auditor Findings	174
LOUISIANA LICENSED PROFESSIONAL VOCATIONAL REHABILITATION COUNSELORS BOARD OF EXAMINERS	
Other External Auditor Findings	142
LOUISIANA SPECIAL EDUCATION CENTER	
Unallowable Cost	108
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS	
Other External Auditor Finding.....	150

STATE OF LOUISIANA
Findings and Recommendations
Index by Agency (Continued)

	Page No.
LOUISIANA STATE BOARD OF EXAMINERS IN DIETETICS AND NUTRITION	
Other External Auditor Finding.....	151
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS	
Other External Auditor Findings.....	142
Other External Auditor Findings.....	151
LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS	
Other External Auditor Finding.....	151
LOUISIANA STATE BOARD OF WHOLESALE DRUG DISTRIBUTORS	
Other External Auditor Findings.....	143
Other External Auditor Findings.....	152
LOUISIANA STATE RADIO AND TELEVISION TECHNICIANS BOARD	
Other External Auditor Finding.....	153
LOUISIANA STATE UNIVERSITY AT EUNICE	
Due Diligence.....	120
Pell Grant Awards.....	66
Promissory Notes.....	120
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS	
Credit Card Accounts Not Reconciled	44
Patient Account Credit Balance	45
Payroll/Personnel Controls	45
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - SHREVEPORT	
Food Distribution Program	121
NATURAL RESOURCES, DEPARTMENT OF	
Electronic Data Processing Controls	46

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
NICHOLLS STATE UNIVERSITY	
Academic Success Grant.....	138
Federal Movable Property Requirements	109
Loan Applications.....	122
Refunds to the Title IV Programs.....	123
Student Financial Aid.....	124
Upward Bound Program	139
NORTH BOSSIER LEVEE DISTRICT	
Other External Auditor Findings.....	144
Other External Auditor Findings.....	154
NORTHEAST LOUISIANA UNIVERSITY	
Internal Controls Over Athletic Revenues.....	47
Reconciliation of Books to Financial Statements.....	48
NORTHWESTERN STATE UNIVERSITY	
Attendance Reports Required.....	79
Electronic Data Processing Controls	49
Title IV Funds Refunds and Repayments	126
ORLEANS LEVEE DISTRICT	
Bonding and Liability Insurance.....	80
Data Processing Procurement.....	80
Donation and Loan of Public Funds.....	81
Ethics Violation	82
Incompatible Offices	82
Investment Controls.....	50
Legal Services Contracts.....	83
Professional Services Contract.....	84
Public Bid Law	87
PELTIER-LAWLESS DEVELOPMENTAL CENTER	
Commodity Inventory Procedures.....	67
PINECREST DEVELOPMENTAL CENTER	
Payroll Irregularities	51

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
PUBLIC HEALTH, OFFICE OF	
Dual Participation in Federal Programs	127
Food Vendor Controls.....	68
On-Line Time and Leave Entry System	52
Reconciliation of Food Instruments.....	128
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, CORRECTIONS SERVICES	
Use of State Building	87
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, PUBLIC SAFETY SERVICES	
Electronic Data Processing Controls	52
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, PUBLIC SAFETY SERVICES - RIVERBOAT GAMING DIVISION	
Monitoring and Review of Required Reports	54
REGIONAL MANAGEMENT CENTER 8, MONROE	
Controls Over Federal Expenditures.....	109
Eligibility	128
Federal Pell Grant Program - Student Certifications.....	129
Payroll Controls.....	110
RISK MANAGEMENT, OFFICE OF	
Review of Original Documentation.....	56
Settlements	88
ST. TAMMANY LEVEE DISTRICT	
Other External Auditor Findings.....	154
SENATE, STATE OF LOUISIANA	
Other External Auditor Findings.....	145

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
SOCIAL SERVICES, DEPARTMENT OF	
Audit Report Monitoring	130
Cash Controls - Title IV-D Program	69
Davis-Bacon Act	111
Family Support Case Reviews	131
Federal Reports	131
Foster Care - Title IV-E Payments	70
Internal Audit Training	89
Office of Family Support Referral Process	132
On-Line Time and Leave Entry System	57
Rate Setting	71
Time and Attendance Records	91
Title IV-D Intake and Collection Activities	133
SOUTH TANGIPAHOA PARISH PORT COMMISSION	
Other External Auditor Findings	155
SOUTHERN UNIVERSITY SYSTEM	
Employee Leave Records	58
Foreign Bank Account	91
Outside Service Center	173
Payroll and Personnel	92
SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS	
Conflicting Student Aid Report Information	165
Federal Family Education Loans Program	166
Federal Family Education Loans Program Confirmation Reports	163
Federal Work-Study Program	175
Financial Aid Transcripts	164
Missing Cash Receipts	59
Notification to Lenders Between Submission of Student Confirmation Reports	164
Pell Grant Calculations	163
Refunds and Repayments to the Title IV Programs	165
Student Financial Aid Eligibility	166

STATE OF LOUISIANA
 Findings and Recommendations
 Index by Agency (Continued)

	Page No.
SOUTHERN UNIVERSITY - NEW ORLEANS CAMPUS	
Cost of Attendance Calculations.....	168
Federal Family Education Loans Program.....	170
Federal Family Education Loans Program Confirmation Reports.....	167
Financial Aid Transcripts.....	168
Notification to Lenders Between Submission of Student Confirmation Reports	167
Program Documentation - Talent Search	176
Program Documentation - Upward Bound	177
Refunds and Repayments to the Title IV Programs.....	169
Satisfactory Academic Progress	170
Student Aid Reports Selected for Verification.....	167
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY CAMPUS	
Calculating and Monitoring of Available Federal Perkins Loan Funds.....	148
Cost of Attendance Calculations.....	173
Federal Family Education Loans and Perkins Loan Programs Exit Counseling	171
Federal Perkins Loan Notes Receivable.....	72
Federal Perkins Loan Program	173
Federal Work-Study Program	177
Notification to Lenders Between Submission of Student Confirmation Reports	171
Refunds and Repayments to the Title IV Programs.....	172
Title III - Payroll Costs.....	178
Unauthorized Student Loans	73
STATE EMPLOYEES GROUP BENEFITS PROGRAM	
Claims Payments	94
Electronic Claims Processing	59
Time and Attendance Records	95
STATE PLUMBING BOARD OF LOUISIANA	
Other External Auditor Finding.....	156
TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF	
Ineligible Costs.....	133
Repayment of Loan.....	96

STATE OF LOUISIANA
Findings and Recommendations
Index by Agency (Concluded)

Page No.

UNIVERSITY HOSPITAL

Improper Drawdown of Appropriation 97
Patient Charges 61

UNIVERSITY OF NEW ORLEANS

Attendance-Leave Records 98
Louisiana Procurement Code 99
Receivables 62
Refunds to the Title IV Programs 134
Segregation of Duties 63
Timely Deposits 64

UNIVERSITY OF SOUTHWESTERN LOUISIANA

Federal Perkins Loans 74

Appendix D

Schedule of Federal Financial Assistance Index by Agency



LEGISLATIVE AUDITOR

Appendix D

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
Index by Agency

	Page No.
Agriculture and Forestry, Department of	A-1
Board of Regents for Higher Education	A-1
Charity Hospital and Medical Center of Louisiana at New Orleans	A-2
Culture, Recreation and Tourism, Department of	A-2
Delgado Community College	A-18
Education, Department of	A-3
Elaine P. Nunez Community College	A-18
Elderly Affairs, Office of	A-5
Environmental Quality, Department of	A-5
Executive Department.....	A-6
Grambling State University	A-19
Health and Hospitals, Department of	A-7
Insurance, Department of	A-8
Justice, Department of	A-8
Labor, Department of	A-8
Lieutenant Governor, Office of the	A-9
Louisiana Educational Television Authority	A-9
Louisiana Housing Finance Agency.....	A-10
Louisiana State University System:	
Louisiana State University Agricultural Center	A-20
Louisiana State University and A & M College - Baton Rouge	A-24

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
Index by Agency (Continued)

	Page No.
Louisiana State University System: (Cont'd)	
Louisiana State University at Alexandria	A-33
Louisiana State University at Eunice	A-34
Louisiana State University Medical Center - New Orleans	A-35
Louisiana State University Medical Center - Shreveport	A-39
Louisiana State University in Shreveport.....	A-34
Pennington Biomedical Research Center.....	A-23
University of New Orleans	A-52
Louisiana Systemic Initiatives Program	A-10
Louisiana Tech University.....	A-40
Louisiana Universities Marine Consortium.....	A-10
McNeese State University.....	A-42
Military Affairs, Department of.....	A-11
Morgan City Harbor and Terminal District.....	A-58
Natural Resources, Department of	A-12
Nicholls State University	A-43
Northeast Louisiana University	A-44
Northwestern State University	A-45
Orleans Levee District.....	A-12
Pinecrest Developmental Center	A-13

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
Index by Agency (Continued)

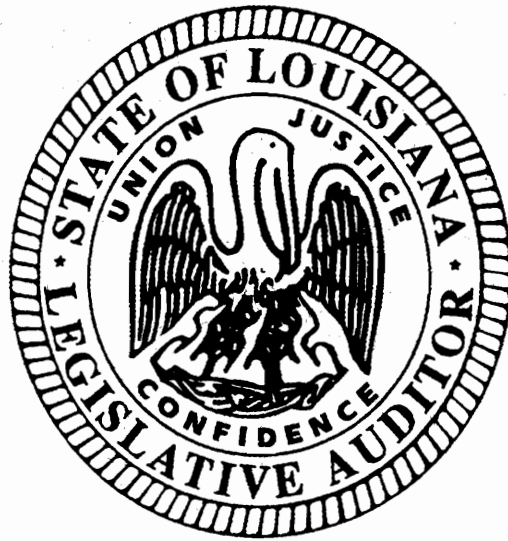
	Page No.
Public Health, Office of	A-13
Public Safety and Corrections, Department of Corrections Services	A-14
Public Safety and Corrections, Department of Public Safety Services.....	A-14
Regional Management Center 1, New Orleans	A-56
Regional Management Center 2, Baton Rouge	A-56
Regional Management Center 3, Houma	A-56
Regional Management Center 4, Lafayette	A-57
Regional Management Center 5, Lake Charles.....	A-57
Regional Management Center 6, Alexandria	A-57
Regional Management Center 7, Shreveport	A-58
Regional Management Center 8, Monroe.....	A-58
Revenue and Taxation, Department of	A-14
Social Services, Department of.....	A-15
Southeastern Louisiana University	A-47
Southern University System:	
Southern University - Board and System Administration.....	A-49
Southern University - Baton Rouge	A-49
Southern University - New Orleans	A-51
Southern University - Shreveport-Bossier City	A-52
State Council on Vocational Education.....	A-16

STATE OF LOUISIANA
Schedule of Federal Financial Assistance
Index by Agency (Concluded)

	Page No.
Student Financial Assistance, Office of	A-16
Transportation and Development, Department of	A-16
Treasury, Department of the	A-16
University of Southwestern Louisiana	A-54
Veterans Affairs, Department of	A-17
West Jefferson Levee District	A-59
Wildlife and Fisheries, Department of	A-17
Women's Services, Office of	A-18

Appendix E

Direct Federal Assistance Index by Federal Agency



STATE OF LOUISIANA

Direct Federal Assistance
Index by Federal Agency

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF AGRICULTURE			
Contract Agreements	\$22,840	DWLF	A-18
Contract Agreements	89,203	EXEC DEPT	A-7
Contract Agreements	115,091	SOUTHWESTERN	A-55
Contract Agreements	93,165	LSU BR	A-24
Contract Agreements	457,683	SOUTHERN BR	A-49
Contract Agreements	2,999	LSU MC NO	A-38
Contract Agreements	45,000	DOAF	A-1
Contract Agreements	4,500	CRT	A-2
Contract Agreements	57,518	PENNINGTON	A-23
Contract Agreements	1,119,068	LSU AG CTR	A-20
Contract Agreements	364	NORTHEAST	A-44
Contract Agreements	652	TECH	A-40
10.001	237,157	SOUTHERN BR	A-49
10.025	490,172	DOAF	A-1
10.025	1,050	LSU BR	A-24
10.025	73,440	LSU AG CTR	A-20
10.063	12,578	DOAF	A-1
10.068	105,619	LSU AG CTR	A-20
10.071	40,658	DOAF	A-1
10.153	2,000	DOAF	A-1
10.156	13,694	SOUTHERN BR	A-49
10.162	69,950	DOAF	A-1
10.200	1,158,382	LSU AG CTR	A-20
10.200	30,948	LSU BR	A-24
10.200	856,068	PENNINGTON	A-23
10.200	2,587	SOUTHERN BR	A-49
10.202	485,934	LSU AG CTR	A-20
10.202	953	SOUTHEASTERN	A-47
10.202	157,824	TECH	A-40
10.203	3,146,910	LSU AG CTR	A-20
10.205	1,337,749	SOUTHERN BR	A-49
10.206	17,201	NORTHWESTERN	A-45
10.206	88,443	SOUTHERN BR	A-49
10.206	132,352	LSU AG CTR	A-20
10.206	20,687	LSU MC SHRV	A-39
10.206	60,899	PENNINGTON	A-23
10.206	313,418	LSU BR	A-24
10.207	69,393	LSU AG CTR	A-20

(Continued)

STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF AGRICULTURE (CONT'D)			
10.214	(\$3,541)	SOUTHERN BR	A-49
10.217	28,711	TECH	A-40
10.217	1,771	SOUTHEASTERN	A-47
10.250	5,000	SOUTHERN BR	A-49
10.475	1,757,394	DOAF	A-1
10.500	7,040,464	LSU AG CTR	A-20
10.500	1,549,174	SOUTHERN BS	A-49
10.550	20,866,620	DOAF	A-1
10.551	634,504,313	DSS	A-15
10.553	35,931,425	DOE	A-3
10.555	125,854,459	DOE	A-3
10.556	59,367	DOE	A-3
10.557	71,477,104	OPH	A-13
10.558	45,843,838	DOE	A-3
10.559	3,148,268	DOE	A-3
10.560	2,338,953	DOE	A-3
10.560	107,867	DOAF	A-1
10.561	38,901,774	DSS	A-15
10.564	174,895	DOE	A-3
10.565	16,571,090	OPH	A-13
10.568	988,745	DOAF	A-1
10.569	2,342,961	DOAF	A-1
10.570	2,990,086	ELDERLY AFFAIRS	A-5
10.652	25,422	TECH	A-40
10.652	221,986	LSU AG CTR	A-20
10.652	15,974	SOUTHERN BR	A-49
10.652	12,825	SOUTHEASTERN	A-47
10.664	2,959,269	DOAF	A-1
10.664	823	LSU AG CTR	A-20
10.664	139,363	SOUTHERN BR	A-49
10.664	474	NORTHEAST	A-44
10.665	2,745,837	TREASURY	A-16
10.902	119,533	SOUTHERN BR	A-49
10.950	7,500	SOUTHERN BR	A-49
10.950	55,000	DOAF	A-1
10.960	5,821	LSU AG CTR	A-20
10.961	40,592	LSU AG CTR	A-20
10.961	16,990	SOUTHERN BR	A-49
10.962	48,683	LSU AG CTR	A-20

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF AGRICULTURE (CONT'D)			
Fixed Price Contracts	\$18,600	LSU BR	A-24
Fixed Price Contracts	45,037	LSU AG CTR	A-20
Fixed Price Contracts	3,000	SOUTHWESTERN	A-54
Fixed Price Contracts	78,594	UNO	A-54
Subtotal U.S. Department of Agriculture	1,029,976,210		
U.S. DEPARTMENT OF COMMERCE			
Contract Agreements	510,073	LSU BR	A-24
Contract Agreements	17,486	LSU AG CTR	A-21
Contract Agreements	10,250	TECH	A-41
Contract Agreements	3,207,458	DWLF	A-17
Contract Agreements	25,000	DWLF	A-17
Contract Agreements	23,199	UNO	A-52
11.300	6,617	LSU BR	A-24
11.300	517,882	MORG CTY HRBR	A-58
11.305	106,595	UNO	A-52
11.407	184,794	DWLF	A-17
11.413	59,855	DOAF	A-1
11.417	1,710,456	LSU BR	A-24
11.419	1,831,017	DNR	A-12
11.420	(1,560)	LSU AG CTR	A-21
11.420	6,953	LSU BR	A-24
11.427	41,451	LSU BR	A-24
11.427	134,762	LUMCON	A-10
11.428	405,193	LSU BR	A-24
11.428	41,184	LSU AG CTR	A-21
11.431	17,593	LSU BR	A-24
11.433	122,204	LSU BR	A-24
11.434	65,899	DWLF	A-17
11.435	146,042	DWLF	A-17
11.463	328,441	DNR	A-12
11.550	150,000	LETA	A-9
Fixed Price Contracts	7,593	LSU BR	A-24
Subtotal U.S. Department of Commerce	9,676,437		
U.S. DEPARTMENT OF DEFENSE			
Contract Agreements	205,735	TREASURY	A-16
Contract Agreements	2,527,821	MILITARY AFFAIRS	A-11
Contract Agreements	762,857	MILITARY AFFAIRS	A-11

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF DEFENSE (CONT'D)			
Contract Agreements	\$192,452	MILITARY AFFAIRS	A-11
Contract Agreements	246,270	MILITARY AFFAIRS	A-11
Contract Agreements	342,146	MILITARY AFFAIRS	A-11
Contract Agreements	148,859	MILITARY AFFAIRS	A-11
Contract Agreements	45,363	MILITARY AFFAIRS	A-11
Contract Agreements	3,770,922	MILITARY AFFAIRS	A-11
Contract Agreements	71,718	MILITARY AFFAIRS	A-11
Contract Agreements	4,209,781	MILITARY AFFAIRS	A-11
Contract Agreements	13,725	SOUTHWESTERN	A-54
Contract Agreements	1,649,559	LSU BR	A-25
Contract Agreements	3,839,814	UNO	A-53
Contract Agreements	875,451	UNO	A-53
Contract Agreements	417	TECH	A-40
Contract Agreements	37,118	TECH	A-40
Contract Agreements	68,651	TECH	A-40
Contract Agreements	17,148	TECH	A-40
Contract Agreements	125,969	EXEC DEPT	A-7
Contract Agreements	87,170	LSU MC SHRV	A-39
Contract Agreements	327,985	GRAMBLING	A-19
Contract Agreements	156,950	GRAMBLING	A-19
Contract Agreements	55,713	NORTHWESTERN	A-46
Contract Agreements	491,188	DNR	A-12
Contract Agreements	9,884	CRT	A-3
Contract Agreements	2,169,546	PENNINGTON	A-23
Contract Agreements	40,107	LUMCON	A-11
Contract Agreements	27,620	WEST JEFFERSON LEVEE	A-59
12.002	387,731	SOUTHWESTERN	A-54
12.112	46,760	TREASURY	A-16
12.113	63,263	DEQ	A-5
12.114	256,181	SOUTHERN BR	A-49
12.300	233,542	SOUTHWESTERN	A-54
12.300	507,653	LSU BR	A-25
12.300	578,689	SOUTHERN BR	A-49
12.300	75,775	UNO	A-53
12.420	2,813,086	LSU MC NO	A-35
12.431	34,956	LSU MC NO	A-35
12.431	1,945	REGENTS	A-1
12.800	247,598	LSU BR	A-25
12.800	202,480	LSU MC SHRV	A-39
12.800	60,268	LSU MC NO	A-35

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF DEFENSE (CONT'D)			
12.800	\$298,180	SOUTHERN BR	A-49
12.800	27,067	TECH	A-40
12.800	16,270	UNO	A-53
12.900	27,898	SOUTHERN BR	A-49
12.901	25,017	LSU BR	A-25
12.901	28,167	SOUTHERN BR	A-49
Fixed Price Contracts	18,420	TECH	A-40
Fixed Price Contracts	97,200	LSU BR	A-25
Fixed Price Contracts	143,088	SOUTHERN BR	A-49
Fixed Price Contracts	5,500	UNO	A-53
Fixed Price Contracts	3,000	SOUTHWESTERN	A-54
Subtotal U.S. Department of Defense	<u>28,717,673</u>		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Contract Agreements	90,539	DEQ	A-6
Contract Agreements	282,709	OPH	A-14
14.218	96,335	EXEC DEPT	A-6
14.228	44,229,518	EXEC DEPT	A-6
14.230	8,763	EXEC DEPT	A-6
14.231	614,162	DSS	A-15
14.237	150,430	SOUTHERN BR	A-49
14.237	125,044	SOUTHERN NO	A-51
14.238	65,146	LHFA	A-10
14.239	5,276,884	LHFA	A-10
14.241	126,360	LHFA	A-10
14.401	86,645	JUSTICE	A-8
14.854	8,612	NORTHEAST	A-44
14.856	2,339,398	LHFA	A-10
14.859	387	NORTHEAST	A-44
Subtotal U.S. Department of Housing and Urban Development	<u>53,500,932</u>		
U.S. DEPARTMENT OF THE INTERIOR			
Contract Agreements	433,547	TREASURY	A-17
Contract Agreements	5,279,316	DWLF	A-17
Contract Agreements	482,464	DWLF	A-17
Contract Agreements	11,372	DWLF	A-17
Contract Agreements	60,795	NORTHWESTERN	A-47

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF THE INTERIOR (CONT'D)			
Contract Agreements	\$123,871	DNR	A-12
Contract Agreements	31,031	DNR	A-12
Contract Agreements	2,839,216	LSU BR	A-25
Contract Agreements	328,409	LSU AG CTR	A-21
Contract Agreements	11	LSU MC NO	A-38
Contract Agreements	80,663	UNO	A-54
Contract Agreements	10,690	UNO	A-54
Contract Agreements	199,191	UNO	A-54
Contract Agreements	31,704	LSU SHRV	A-34
Contract Agreements	340,582	SOUTHWESTERN	A-56
15.250	166,495	DNR	A-12
15.252	41,524	DNR	A-12
15.308	(9)	LSU BR	A-25
15.308	76,544	SOUTHERN BR	A-50
15.605	5,258,304	DWLF	A-17
15.611	1,994,034	DWLF	A-17
15.611	1,968	NORTHEAST	A-44
15.612	867,855	DWLF	A-17
15.612	3,830	SOUTHEASTERN	A-47
15.614	83,104	LUMCON	A-10
15.614	20,087	DWLF	A-17
15.616	47,522	DWLF	A-17
15.805	108,781	LSU BR	A-25
15.806	42,083	MCNEESE	A-42
15.806	133,948	LUMCON	A-10
15.807	42,606	LSU BR	A-25
15.808	52,152	LSU BR	A-25
15.904	635,989	CRT	A-2
15.916	297,281	CRT	A-2
15.916	21,975	SOUTHEASTERN	A-47
15.975	33,344	GRAMBLING	A-19
Fixed Price Contracts	63,385	SOUTHWESTERN	A-56
Fixed Price Contracts	148,213	LSU BR	A-25
Fixed Price Contracts	2,000	LSU AG CTR	A-21
Subtotal U.S. Department of the Interior	<u>20,395,877</u>		

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF JUSTICE			
Contract Agreements	\$36,430	TECH	A-41
Contract Agreements	254,713	DPS - PSS	A-14
Contract Agreements	8,875	UNO	A-54
16.540	804,924	EXEC DEPT	A-7
16.550	35,073	EXEC DEPT	A-7
16.560	90	LSU MC NO	A-35
16.575	1,036,858	EXEC DEPT	A-7
16.576	371,446	EXEC DEPT	A-7
16.579	6,883,559	EXEC DEPT	A-7
Subtotal U.S. Department of Justice	<u>9,431,968</u>		
U.S. DEPARTMENT OF LABOR			
Contract Agreements	778,924	DOL	A-9
17.002	1,132,376	DOL	A-8
17.005	79,200	DOL	A-8
17.203	272,144	DOL	A-8
17.207	12,502,679	DOL	A-8
17.225	173,005,908	DOL	A-8
17.235	341,467	NORTHEAST	A-44
17.235	1,636,244	ELDERLY AFFAIRS	A-5
17.245	1,283,027	DOL	A-8
17.246	13,839,697	DOL	A-8
17.249	245,032	DOE	A-3
17.250	63,707,849	DOL	A-9
17.504	295,757	DOL	A-9
17.801	883,920	DOL	A-9
17.802	6,948	DOL	A-9
17.804	667,456	DOL	A-9
Subtotal U.S. Department of Labor	<u>270,678,628</u>		
U.S. DEPARTMENT OF STATE			
Contract Agreements	3,641,724	LSU BR	A-28
Contract Agreements	1,530,434	DPS-PSS	A-14
Subtotal U.S. Department of State	<u>5,172,158</u>		
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT			
Various Agreements	2,016,807	SOUTHERN BS	A-49
Subtotal U.S. Agency for International Development	<u>2,016,807</u>		

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Contract Agreements	\$52,277	GRAMBLING	A-19
Contract Agreements	134,530	LSU BR	A-28
20.005	579,894	DWLF	A-17
20.106	1,542,659	DOTD	A-16
20.106	105,808	ORLEANS LEVEE	A-12
20.107	23,829	NORTHEAST	A-44
20.107	450	TECH	A-41
20.205	250,156,659	DOTD	A-16
20.205	85,885	DORT	A-14
20.214	21,873	DOTD	A-16
20.215	88,204	DOTD	A-16
20.218	1,150,314	DPS - PSS	A-14
20.308	231,460	DOTD	A-16
20.500	2,242,793	DOTD	A-16
20.502	95,512	SOUTHERN BR	A-50
20.502	(10)	SOUTHERN NO	A-51
20.505	588,521	DOTD	A-16
20.507	982,264	DOTD	A-16
20.509	2,706,300	DOTD	A-16
20.513	1,028,174	DOTD	A-16
20.600	13,875	OPH	A-13
20.600	2,360,554	DPS - PSS	A-14
20.700	321,290	DNR	A-12
20.703	148,895	DPS - PSS	A-14
Subtotal U.S. Department of Transportation	<u>264,662,010</u>		
U.S. DEPARTMENT OF THE TREASURY			
Contract Agreements	<u>3,959</u>	DPS-PSS	A-14
Subtotal U.S. Department of the Treasury	<u>3,959</u>		
U.S. GENERAL SERVICES ADMINISTRATION			
39.003	<u>14,101,599</u>	EXEC DEPT	A-7
Subtotal U.S. General Services Administration	<u>14,101,599</u>		
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Contract Agreements	893,979	LSU BR	A-26
Contract Agreements	202,560	LSU AG CTR	A-21
Contract Agreements	13,493	NORTHWESTERN	A-46
Contract Agreements	11,342	SOUTHEASTERN	A-48

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT'D)			
Contract Agreements	\$147,627	SOUTHWESTERN	A-55
Contract Agreements	1,559	LUMCON	A-11
Contract Agreements	246,203	UNO	A-54
Contract Agreements	402,445	PENNINGTON	A-23
43.001	926,913	SOUTHERN BR	A-50
43.001	18,908	LSU BR	A-26
43.001	125,968	REGENTS	A-1
43.002	328,406	SOUTHERN BR	A-50
43.002	14,665	MCNEESE	A-42
43.002	424	LSU MC SHRV	A-39
Fixed Price Contracts	39,226	TECH	A-41
Subtotal National Aeronautics and Space Administration	<u>3,373,718</u>		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
Contract Agreements	63,964	LSU BR	A-26
45.003	79,928	CRT	A-2
45.004	30,000	LSU BR	A-26
45.004	4,654	NORTHEAST	A-44
45.007	357,944	CRT	A-2
45.015	2,072	CRT	A-2
45.104	66,800	LETA	A-9
45.116	63,413	LSU BR	A-26
45.129	1,362	NORTHEAST	A-44
45.129	17,863	LETA	A-9
45.301	3,910	LSU SHRV	A-34
Fixed Price Contracts	22,500	UNO	A-54
Subtotal National Foundation on the Arts and the Humanities	<u>714,410</u>		
NATIONAL SCIENCE FOUNDATION			
Contract Agreements	172,670	SOUTHWESTERN	A-54
Contract Agreements	36,287	LSU AG CTR	A-21
Contract Agreements	21,263	LSU SHRV	A-34
Contract Agreements	587,604	UNO	A-54
Contract Agreements	127,662	GRAMBLING	A-19
Contract Agreements	495	NICHOLLS	A-43

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
NATIONAL SCIENCE FOUNDATION (CONT'D)			
Contract Agreements	\$4,657,957	LSU BR	A-26
Contract Agreements	66,945	TECH	A-41
47.041	(377)	LSU BR	A-26
47.041	49,057	SOUTHERN BR	A-50
47.049	30,725	SOUTHERN BR	A-50
47.049	30,452	SOUTHEASTERN	A-47
47.049	75,421	TECH	A-41
47.050	413,964	LUMCON	A-10
47.050	123,145	NORTHEAST	A-44
47.050	40,014	TECH	A-41
47.070	208,726	REGENTS	A-2
47.070	542,613	SOUTHERN BR	A-50
47.070	73,333	SOUTHWESTERN	A-54
47.070	92,840	NORTHEAST	A-44
47.070	3,989	SOUTHEASTERN	A-47
47.074	59,741	LSU MC NO	A-35
47.074	89,629	SOUTHERN BR	A-50
47.074	40,200	SOUTHEASTERN	A-47
47.075	162,612	SOUTHWESTERN	A-54
47.075	1,644	LSU MC SHRV	A-39
47.076	88,731	TECH	A-41
47.076	1,277,424	REGENTS	A-2
47.076	131,381	MCNEESE	A-42
47.076	2,272,665	LASIP	A-10
47.076	274,229	NORTHEAST	A-44
47.076	5,879	NORTHWESTERN	A-46
47.077	16,000	NORTHEAST	A-44
Subtotal National Science Foundation	<u>11,774,920</u>		
U.S. SMALL BUSINESS ADMINISTRATION			
59.005	10,000	UNO	A-53
59.005	1,554	MCNEESE	A-42
59.005	12,143	NORTHEAST	A-45
59.005	9,094	NORTHWESTERN	A-46
59.005	5,000	SOUTHWESTERN	A-55
59.009	91,555	DOAF	A-1
59.037	4,500	TECH	A-41
59.037	1,393,741	NORTHEAST	A-45
59.037	4,500	SOUTHEASTERN	A-48

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. SMALL BUSINESS ADMINISTRATION (CONT'D)			
59.045	\$140,730	DOAF	A-1
Fixed Price Contracts	13,000	LSU BR	A-26
Subtotal U.S. Small Business Administration	<u>1,685,817</u>		
U.S. TENNESSEE VALLEY AUTHORITY			
Contract Agreements	75,751	LSU AG CTR	A-21
Subtotal U.S. Tennessee Valley Authority	<u>75,751</u>		
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Contract Agreements	858,642	LSU MC NO	A-38
Contract Agreements	294	REG 5 MAN CTR LK CHAR	A-57
Contract Agreements	105	REG 3 MAN CTR HOUMA	A-57
Contract Agreements	305	REG 2 MAN CTR BR	A-56
Contract Agreements	737	REG 7 MAN CTR SHRV	A-58
Contract Agreements	262	REG 1 MAN CTR NO	A-56
Contract Agreements	399	REG 4 MAN CTR LAF	A-57
Contract Agreements	959	REG 6 MAN CTR ALEX	A-57
64.014	560,353	VETERANS AFFAIRS	A-17
64.015	1,681,057	VETERANS AFFAIRS	A-17
Fixed Price Contracts	156,364	DOE	A-4
Subtotal U.S. Department of Veterans Affairs	<u>3,259,477</u>		
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Contract Agreements	176,168	DEQ	A-6
Contract Agreements	3,789	EXEC DEPT	A-7
Contract Agreements	2,001,139	LSU BR	A-27
Contract Agreements	8,537	LSU AG CTR	A-21
Contract Agreements	48	NORTHEAST	A-45
Contract Agreements	7,941	LUMCON	A-10
Contract Agreements	483	TECH	A-42
66.001	2,265,797	DEQ	A-6
66.032	5,293	DEQ	A-6
66.419	1,364,245	DEQ	A-6
66.423	2,634	SOUTHWESTERN	A-55
66.432	1,323,380	OPH	A-13
66.433	18,046	DNR	A-12
66.438	338,538	DNR	A-12
66.438	456,876	DEQ	A-6
66.438	3,167	SOUTHWESTERN	A-55
66.454	284,571	DEQ	A-6

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY (CONT'D)			
66.456	\$1,044,881	DEQ	A-6
66.458	12,315,562	DEQ	A-6
66.459	12,371	DEQ	A-6
66.460	514,400	DEQ	A-6
66.461	26,760	DWLF	A-17
66.461	10,000	DEQ	A-6
66.461	16	LSU BR	A-27
66.461	48,090	LSU AG CTR	A-21
66.461	12,810	DOAF	A-1
66.461	56,540	DNR	A-12
66.463	332	DEQ	A-6
66.501	291,499	DEQ	A-6
66.501	282,414	LSU MC NO	A-35
66.502	29,024	LSU AG CTR	A-21
66.504	94,922	LSU BR	A-27
66.504	317,590	UNO	A-53
66.504	393,534	SOUTHERN BR	A-50
66.505	19,004	DEQ	A-6
66.505	461,764	LSU BR	A-27
66.507	59,392	NORTHEAST	A-45
66.600	5,221	SOUTHERN BR	A-50
66.700	95,977	LSU AG CTR	A-21
66.700	478,982	DOAF	A-1
66.701	154,683	DEQ	A-6
66.706	6,393	DEQ	A-6
66.707	27,537	DEQ	A-6
66.708	26,602	DEQ	A-6
66.801	2,262,291	DEQ	A-6
66.802	340,983	DEQ	A-6
66.804	199,975	DEQ	A-6
66.805	1,124,440	DEQ	A-6
66.808	91,446	DEQ	A-6
66.810	23,180	DPS - PSS	A-14
66.950	40,455	SOUTHWESTERN	A-55
66.951	812	LSU BR	A-27
66.951	41,106	LSU AG CTR	A-21
Subtotal U.S. Environmental Protection Agency	<u>29,171,640</u>		

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Contract Agreements	\$566,473	LIEU GOV	A-9
72.001	280,734	PINECREST	A-13
72.005	3,036	NORTHEAST	A-45
94.002	35,190	NORTHEAST	A-45
94.004	179,666	DOE	A-4
94.004	101,000	LIEU GOV	A-9
94.005	16,938	MCNEESE	A-43
94.006	1,081,723	LIEU GOV	A-9
Subtotal Corporation for National and Community Service	<u>2,264,760</u>		
U.S. NUCLEAR REGULATORY COMMISSION			
Contract Agreements	27,450	DEQ	A-6
Contract Agreements	2,466	LSU BR	A-28
Fixed Price Contracts	500	UNO	A-54
Subtotal U.S. Nuclear Regulatory Commission	<u>30,416</u>		
U.S. DEPARTMENT OF ENERGY			
Contract Agreements	3,102,880	DNR	A-12
Contract Agreements	319	SOUTHWESTERN	A-55
Contract Agreements	727,125	LSU BR	A-27
Contract Agreements	24,161	UNO	A-53
Contract Agreements	1,084,108	SOUTHERN BR	A-50
Contract Agreements	73,572	GRAMBLING	A-19
Contract Agreements	1,701	TECH	A-42
Contract Agreements	3,424,792	TECH	A-42
Contract Agreements	60,824	LUMCON	A-10
81.041	215,089	DNR	A-12
81.042	811,479	DSS	A-15
81.049	477,847	REGENTS	A-2
81.049	218,248	UNO	A-53
81.049	9,407	MCNEESE	A-42
81.049	149,021	SOUTHERN BR	A-50
81.049	1,550,468	LSU BR	A-27
81.050	36,070	DNR	A-12
81.052	118,189	DNR	A-12
81.085	261,804	SOUTHERN BR	A-50
81.086	71	LSU BR	A-27
81.089	2,403	DWLF	A-18
Fixed Price Contracts	49,638	SOUTHERN BR	A-50
Subtotal U.S. Department of Energy	<u>12,399,216</u>		

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. INFORMATION AGENCY			
Contract Agreements	\$3,508	NICHOLLS	A-43
Contract Agreements	538,717	LSU BR	A-28
82.002	3,101	GRAMBLING	A-19
Subtotal U.S. Information Agency	<u>545,326</u>		
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Contract Agreements	35,093	DOTD	A-16
Contract Agreements	17,136	LSU BR	A-28
83.011	134,768	MILITARY AFFAIRS	A-11
83.105	47,016	MILITARY AFFAIRS	A-11
83.503	1,229,325	MILITARY AFFAIRS	A-11
83.505	50,457	MILITARY AFFAIRS	A-11
83.516	9,604,758	MILITARY AFFAIRS	A-11
83.516	23,859	WEST JEFFERSON LEVEE	A-59
83.519	1,834	MILITARY AFFAIRS	A-11
83.520	56,239	MILITARY AFFAIRS	A-11
83.521	47,254	MILITARY AFFAIRS	A-11
83.528	111,108	MILITARY AFFAIRS	A-11
83.531	356,695	MILITARY AFFAIRS	A-11
83.532	80,531	MILITARY AFFAIRS	A-11
Subtotal Federal Emergency Management Agency	<u>11,796,073</u>		
U.S. DEPARTMENT OF EDUCATION			
Contract Agreements	108,426	TREASURY	A-17
Contract Agreements	73,474	LSU BR	A-27
Contract Agreements	2,123	NORTHWESTERN	A-46
Contract Agreements	32,489	DELGADO	A-18
Contract Agreements	7,212	SOUTHERN - NO	A-51
Contract Agreements	6,473	SOUTHERN SHRV-BOS	A-52
Contract Agreements	12,678	NICHOLLS	A-43
Contract Agreements	47,909	UNO	A-53
Contract Agreements	113,349	TECH	A-41
Contract Agreements	40,936	TECH	A-41
84.002	4,851,396	DOE	A-3
84.002	263,895	LETA	A-9
84.003	57,015	DOE	A-3
84.003	81,000	LETA	A-9
84.004	244,975	DOE	A-3
84.007	273,392	NORTHEAST	A-45
84.007	400,000	SOUTHWESTERN	A-55

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.007	\$33,760	NICHOLLS	A-43
84.007	458,335	LSU BR	A-27
84.007	44,439	LSU ALEX	A-33
84.007	44,427	LSU EUNICE	A-34
84.007	654,840	UNO	A-53
84.007	231,677	SOUTHEASTERN	A-48
84.007	540,969	TECH	A-41
84.007	777,274	SOUTHERN BR	A-50
84.007	272,176	SOUTHERN NO	A-51
84.007	52,104	SOUTHERN SHRV-BOS	A-52
84.007	64,956	LSU SHRV	A-34
84.007	24,474	LSU MC NO	A-35
84.007	250,000	DELGADO	A-18
84.007	116,744	NORTHWESTERN	A-46
84.007	166,314	MCNEESE	A-42
84.007	262,981	GRAMBLING	A-19
84.009	1,048,366	DOE	A-3
84.010	159,710,475	DOE	A-3
84.011	2,536,512	DOE	A-3
84.012	1,350,557	DOE	A-3
84.013	548,115	DOE	A-3
84.016	68,781	LSU SHRV	A-34
84.016	73,095	UNO	A-53
84.019	38,104	LSU BR	A-27
84.025	92,791	DOE	A-3
84.027	33,551,454	DOE	A-3
84.029	77,501	DOE	A-3
84.029	16,346	SOUTHWESTERN	A-55
84.029	2,592	LSU SHRV	A-34
84.029	299,962	UNO	A-53
84.029	93,995	SOUTHEASTERN	A-48
84.029	60,300	LSU MC NO	A-35
84.029	1,892	GRAMBLING	A-19
84.031	263,698	NORTHWESTERN	A-46
84.031	488,954	SOUTHWESTERN	A-55
84.031	35,931	LSU ALEX	A-33
84.031	2,053,483	SOUTHERN BR	A-50
84.031	1,288,188	SOUTHERN NO	A-51
84.031	838,365	SOUTHERN SHRV-BOS	A-52
84.031	2,680,918	GRAMBLING	A-19

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.032	\$19,914,998	OSFA	A-16
84.033	785,980	SOUTHWESTERN	A-55
84.033	186,245	NICHOLLS	A-43
84.033	867,714	LSU BR	A-27
84.033	51,641	LSU ALEX	A-33
84.033	41,340	LSU EUNICE	A-34
84.033	24,361	LSU AG CTR	A-21
84.033	376,869	UNO	A-53
84.033	369,627	SOUTHEASTERN	A-48
84.033	438,853	TECH	A-41
84.033	903,354	SOUTHERN BR	A-50
84.033	211,612	SOUTHERN NO	A-51
84.033	233,289	SOUTHERN SHRV-BOS	A-52
84.033	866,660	NORTHEAST	A-45
84.033	84,506	LSU SHRV	A-34
84.033	22,195	LSU MC NO	A-35
84.033	200,467	DELGADO	A-18
84.033	202,313	NORTHWESTERN	A-46
84.033	322,879	MCNEESE	A-42
84.033	714,217	GRAMBLING	A-19
84.034	1,451,011	CRT	A-2
84.035	269,666	CRT	A-2
84.036	78,256	LSU BR	A-27
84.037	565	LSU BR	A-27
84.037	126,436	UNO	A-53
84.038	5,168	SOUTHEASTERN	A-48
84.038	74,384	SOUTHWESTERN	A-55
84.038	827	NICHOLLS	A-43
84.038	6,113	LSU MC SHRV	A-39
84.038	(1,465)	LSU BR	A-27
84.038	39,414	SOUTHERN SHRV-BOS	A-52
84.038	104,263	TECH	A-41
84.038	6,264	LSU EUNICE	A-34
84.038	(257)	NORTHEAST	A-45
84.038	180,282	NORTHWESTERN	A-46
84.038	74,640	MCNEESE	A-43
84.039	1,458,019	LSU BR	A-27
84.042	358,631	SOUTHWESTERN	A-55
84.042	279,922	NICHOLLS	A-43
84.042	213,327	LSU BR	A-27

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.042	\$296,118	LSU EUNICE	A-34
84.042	244,192	SOUTHERN BR	A-50
84.042	308,096	SOUTHERN NO	A-51
84.042	211,637	SOUTHERN SHRV-BOS	A-52
84.042	211,004	NORTHWESTERN	A-46
84.042	104,340	GRAMBLING	A-19
84.042	213,383	SOUTHEASTERN	A-48
84.042	155,563	MCNEESE	A-43
84.044	246,167	UNO	A-53
84.044	210,939	SOUTHEASTERN	A-48
84.044	284,159	SOUTHWESTERN	A-55
84.044	316,166	SOUTHERN BR	A-50
84.044	214,729	SOUTHERN NO	A-51
84.044	236,707	SOUTHERN SHRV-BOS	A-52
84.044	217,895	NORTHEAST	A-45
84.047	582,001	SOUTHWESTERN	A-55
84.047	202,458	NICHOLLS	A-43
84.047	250,972	LSU EUNICE	A-34
84.047	464,063	UNO	A-53
84.047	763,810	SOUTHEASTERN	A-48
84.047	401,340	SOUTHERN BR	A-50
84.047	222,918	SOUTHERN NO	A-51
84.047	281,611	SOUTHERN SHRV-BOS	A-52
84.047	139,426	DELGADO	A-18
84.047	222,289	MCNEESE	A-43
84.047	428,623	GRAMBLING	A-19
84.048	20,705,506	DOE	A-3
84.049	679,479	DOE	A-3
84.051	147,514	LSU MC NO	A-35
84.053	148,283	VOC ED COUNCIL	A-16
84.055	73,979	SOUTHEASTERN	A-48
84.055	13,992	NORTHWESTERN	A-46
84.055	15,464	SOUTHERN BR	A-50
84.063	5,848,434	DOE	A-3
84.063	9,511,934	SOUTHWESTERN	A-55
84.063	3,358,592	NICHOLLS	A-43
84.063	8,630	LSU MC SHRV	A-39
84.063	6,449,403	LSU BR	A-27
84.063	1,324,426	LSU ALEX	A-33
84.063	2,038,352	LSU EUNICE	A-34

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.063	\$703,573	REG 6 MAN CTR ALEX	A-57
84.063	1,181,959	LSU SHR V	A-34
84.063	6,109,552	UNO	A-53
84.063	7,045,880	SOUTHEASTERN	A-48
84.063	3,776,635	TECH	A-41
84.063	7,549,961	NORTHEAST	A-45
84.063	499,475	LSU MC NO	A-35
84.063	8,491,809	DELGADO	A-18
84.063	7,138,314	NORTHWESTERN	A-46
84.063	4,321,457	MCNEESE	A-43
84.063	948,498	ELAINE P. NUNEZ	A-18
84.063	9,536,738	SOUTHERN BR	A-50
84.063	5,276,546	SOUTHERN NO	A-51
84.063	1,382,115	SOUTHERN SHR V-BOS	A-52
84.063	9,958,244	GRAMBLING	A-19
84.064	1,527	SOUTHWESTERN	A-55
84.066	214,038	SOUTHEASTERN	A-48
84.069	1,019,073	OSFA	A-16
84.073	107,955	DOE	A-3
84.086	298,514	UNO	A-53
84.097	41,233	SOUTHERN BR	A-50
84.103	6,805	GRAMBLING	A-19
84.116	9,292	SOUTHERN BR	A-50
84.120	86,958	GRAMBLING	A-19
84.120	106,722	SOUTHERN BR	A-51
84.126	45,481,162	DSS	A-15
84.129	99,487	TECH	A-41
84.129	253,743	LSU MC NO	A-35
84.129	129,179	SOUTHERN BR	A-51
84.151	7,127,336	DOE	A-3
84.153	46,023	LSU SHR V	A-34
84.154	576,837	CRT	A-2
84.158	16,200	SOUTHERN BR	A-51
84.158	100,129	UNO	A-53
84.162	112,917	DOE	A-4
84.164	3,638,890	DOE	A-4
84.164	990,492	REGENTS	A-2
84.168	239,732	DOE	A-4
84.168	16,889	TECH	A-41
84.168	22,312	GRAMBLING	A-19

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.169	\$729,157	DSS	A-15
84.173	5,188,494	DOE	A-4
84.173	147,845	LETA	A-9
84.174	202,265	DOE	A-4
84.176	287,500	OSFA	A-16
84.181	3,705,683	DOE	A-4
84.181	111,950	LETA	A-9
84.183	64,745	LSU MC NO	A-35
84.184	41,680	MCNEESE	A-43
84.185	347,938	DOE	A-4
84.186	8,085,606	DOE	A-4
84.187	714,194	DSS	A-15
84.190	26,433	DOE	A-4
84.196	745,824	DOE	A-4
84.197	9,876	LSU BR	A-27
84.207	14,582	DOE	A-4
84.207	108,606	SOUTHERN BR	A-51
84.213	2,331,042	DOE	A-4
84.214	263,572	DOE	A-4
84.216	1,235,072	DOE	A-4
84.217	169,371	SOUTHWESTERN	A-55
84.217	150,849	LSU BR	A-27
84.218	567,669	DOE	A-4
84.219	36	SOUTHEASTERN	A-48
84.219	11,576	TECH	A-41
84.219	442	MCNEESE	A-43
84.219	3,157	LSU SHRV	A-34
84.224	756,015	DHH	A-7
84.240	100,386	DHH	A-7
84.242	2,754	MCNEESE	A-43
84.242	4,131	SOUTHWESTERN	A-55
84.242	1,377	NORTHEAST	A-45
84.242	1,377	NORTHWESTERN	A-46
84.242	4,131	TECH	A-41
84.243	9,984	DELGADO	A-18
84.243	1,904,695	DOE	A-4
84.252	206,239	LSU SHRV	A-34
84.252	246,010	UNO	A-53
84.253	49,001	DOE	A-4
84.254	132,450	EXEC DEPT	A-7

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF EDUCATION (CONT'D)			
84.261	\$110,121	LSU SHRV	A-34
84.265	68,336	DSS	A-15
84.267	116,537	EXEC DEPT	A-7
84.276	889,516	DOE	A-4
Fixed Price Contracts	8,620	DOE	A-4
Subtotal U.S. Department of Education	<u>471,672,812</u>		
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION			
89.003	10,000	LSU BR	A-27
Subtotal National Archives and Records Administration	<u>10,000</u>		
VERY SPECIAL ARTS EDUCATION OFFICE			
Fixed Price Contracts	10,668	DOE	A-4
Subtotal Very Special Arts Education Office	<u>10,668</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Contract Agreements	299,963	OPH	A-13
Contract Agreements	7,352	DHH	A-8
Contract Agreements	397,445	SOUTHWESTERN	A-55
Contract Agreements	58,781	LSU BR	A-28
Contract Agreements	106,837	LSU MC NO	A-37
Contract Agreements	109,209	UNO	A-53
Contract Agreements	329,819	GRAMBLING	A-19
Contract Agreements	1,131	PENNINGTON	A-23
Contract Agreements	47,961	DHH	A-8
Contract Agreements	6,000	DOL	A-9
93.003	253,642	DSS	A-15
93.003	410,282	OPH	A-13
93.041	76,953	ELDERLY AFFAIRS	A-5
93.042	67,735	ELDERLY AFFAIRS	A-5
93.043	390,240	ELDERLY AFFAIRS	A-5
93.044	5,185,742	ELDERLY AFFAIRS	A-5
93.045	6,203,373	ELDERLY AFFAIRS	A-5
93.046	102,193	ELDERLY AFFAIRS	A-5
93.048	45,000	ELDERLY AFFAIRS	A-5
93.048	153,618	GRAMBLING	A-19
93.049	24,005	ELDERLY AFFAIRS	A-5
93.050	11,801	ELDERLY AFFAIRS	A-5

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)			
93.103	\$2,054	LSU BR	A-27
93.103	2,868	DOAF	A-1
93.110	80,710	OPH	A-13
93.113	209,810	LSU BR	A-27
93.114	(6,818)	LSU MC NO	A-35
93.114	5,457	NORTHEAST	A-45
93.116	705,197	OPH	A-13
93.118	224,778	DOE	A-4
93.118	4,493,888	OPH	A-13
93.121	664,911	LSU MC NO	A-35
93.121	64,286	LSU BR	A-27
93.124	45,969	CHNO	A-2
93.125	108,234	DHH	A-7
93.130	167,888	DHH	A-7
93.145	455,276	LSU MC NO	A-35
93.146	239,794	OPH	A-13
93.150	284,372	DHH	A-7
93.161	334,191	OPH	A-13
93.165	133,805	DHH	A-7
93.172	174,629	LSU MC NO	A-35
93.172	43,380	LSU BR	A-27
93.173	62,144	LSU BR	A-27
93.173	1,297,889	LSU MC NO	A-36
93.176	23,575	LSU MC NO	A-36
93.178	470,358	SOUTHERN BR	A-51
93.182	4,131	UNO	A-53
93.196	1,729,866	DHH	A-7
93.217	3,365,275	OPH	A-13
93.242	131,105	DHH	A-7
93.242	134,775	LSU MC NO	A-36
93.242	178,780	LSU MC SHRV	A-39
93.242	14,490	UNO	A-53
93.244	17,577	DHH	A-7
93.262	36,372	LSU MC NO	A-36
93.268	1,719,826	OPH	A-13
93.271	107,829	LSU MC SHRV	A-39
93.272	78,035	LSU MC SHRV	A-39
93.273	2,208	LSU BR	A-27
93.273	765,672	LSU MC NO	A-36

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)			
93.273	\$583,102	LSU MC SHRV	A-39
93.277	136,966	LSU MC NO	A-36
93.278	42,438	LSU MC NO	A-36
93.279	997,581	LSU MC NO	A-36
93.279	280,903	LSU MC SHRV	A-39
93.279	9,166	NORTHEAST	A-45
93.279	105,773	LSU BR	A-27
93.281	72,757	LSU MC SHRV	A-39
93.281	81,047	LSU MC NO	A-36
93.283	916,029	OPH	A-13
93.298	131,242	NORTHWESTERN	A-46
93.299	85,813	LSU MC NO	A-36
93.299	50,428	SOUTHEASTERN	A-48
93.306	128,267	LSU BR	A-27
93.306	283,308	PENNINGTON	A-23
93.306	707,651	SOUTHWESTERN	A-55
93.337	137,461	LSU MC NO	A-36
93.337	31,811	LSU MC SHRV	A-39
93.337	54,083	LSU BR	A-27
93.342	442	NORTHEAST	A-45
93.342	191	LSU BR	A-28
93.358	34,601	LSU MC NO	A-36
93.358	61,772	NORTHWESTERN	A-46
93.364	156	LSU ALEX	A-33
93.364	151	LSU EUNICE	A-34
93.364	398	NORTHEAST	A-45
93.371	517,397	LSU MC NO	A-36
93.375	154,066	SOUTHERN SHRV-BOS	A-52
93.375	1,208,247	SOUTHERN BR	A-51
93.389	24,401	SOUTHERN BR	A-51
93.390	63,524	LSU AG CTR	A-21
93.390	41,582	NORTHEAST	A-45
93.393	137,895	LSU MC SHRV	A-39
93.393	541,260	LSU MC NO	A-36
93.394	10,731	LSU BR	A-28
93.395	1,564	LSU MC NO	A-36
93.396	190,411	LSU MC SHRV	A-39
93.398	37,056	LSU MC NO	A-36
93.399	192,751	LSU MC NO	A-36

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)			
93.399	\$81,434	LSU MC SHRV	A-39
93.560	127,742,712	DSS	A-15
93.561	17,902,567	DSS	A-15
93.563	26,742,201	DSS	A-15
93.565	43,417	DHH	A-8
93.566	1,194,611	DSS	A-15
93.568	11,959,703	DSS	A-15
93.569	8,971,860	DOL	A-9
93.570	90,381	NORTHEAST	A-45
93.571	91,368	DOL	A-9
93.572	360,709	DOL	A-9
93.574	1,114,365	DSS	A-15
93.575	17,061,250	DSS	A-15
93.584	78,513	DSS	A-15
93.608	65,442	GRAMBLING	A-19
93.608	53,296	NORTHEAST	A-45
93.630	1,165,962	DHH	A-8
93.632	188,876	LSU MC NO	A-36
93.643	119,799	DSS	A-15
93.645	6,917,570	DSS	A-15
93.648	71,954	SOUTHERN NO	A-52
93.652	2,054	DSS	A-15
93.658	37,608,373	DSS	A-15
93.659	3,648,254	DSS	A-15
93.667	50,418,709	DSS	A-15
93.670	443,437	DSS	A-15
93.671	235,991	OWS	A-18
93.671	21,982	SOUTHERN BR	A-51
93.672	21,818	DSS	A-15
93.673	185,170	DOE	A-4
93.674	1,196,202	DSS	A-15
93.775	595,735	JUSTICE	A-8
93.777	4,221,535	DHH	A-8
93.778	3,411,318,363	DHH	A-8
93.779	116,032	INSURANCE	A-8
93.812	(2,115)	GRAMBLING	A-19
93.821	411,189	LSU BR	A-28
93.821	1,587	LSU MC SHRV	A-40
93.822	281,952	LSU MC NO	A-36

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)			
93.824	\$1,256,780	LSU MC NO	A-36
93.837	1,610,124	LSU MC NO	A-36
93.837	679,500	LSU MC SHRV	A-40
93.837	1,048,748	PENNINGTON	A-23
93.838	122,870	LSU MC SHRV	A-40
93.838	262,647	LSU BR	A-28
93.838	152,340	LSU MC NO	A-36
93.839	775	LSU MC SHRV	A-40
93.839	9,976	LSU MC NO	A-36
93.846	147,392	LSU MC NO	A-36
93.847	649,902	LSU MC NO	A-36
93.847	413,054	LSU MC SHRV	A-40
93.847	239,543	PENNINGTON	A-23
93.847	85,557	LSU BR	A-28
93.848	1,526,394	LSU MC SHRV	A-40
93.848	785,425	PENNINGTON	A-23
93.848	459	LSU BR	A-28
93.848	207,155	LSU MC NO	A-36
93.849	423,779	LSU MC SHRV	A-40
93.849	209,665	LSU MC NO	A-36
93.853	5,555	LSU MC NO	A-36
93.854	457,963	LSU MC NO	A-36
93.854	108,559	LSU MC SHRV	A-40
93.855	188,604	LSU MC SHRV	A-40
93.856	398,451	LSU MC SHRV	A-40
93.856	282,145	LSU BR	A-28
93.859	68,808	LSU MC SHRV	A-40
93.859	104,326	LSU BR	A-28
93.862	634,454	LSU MC SHRV	A-40
93.862	445,033	LSU MC NO	A-36
93.863	112,197	LSU MC SHRV	A-40
93.863	8,112	LSU BR	A-28
93.863	691	NORTHEAST	A-45
93.863	97,275	LSU MC NO	A-36
93.865	346,519	LSU MC SHRV	A-40
93.865	112,398	UNO	A-53
93.865	377,288	PENNINGTON	A-23
93.865	283,141	LSU MC NO	A-36
93.866	18,993	NORTHEAST	A-45

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)			
93.866	\$388,865	LSU MC NO	A-36
93.867	2,868,256	LSU MC NO	A-36
93.879	28,726	LSU MC NO	A-36
93.880	31,003	SOUTHERN BR	A-51
93.884	174,596	GRAMBLING	A-19
93.886	135,447	LSU MC SHRV	A-40
93.891	1,686,748	LSU MC NO	A-37
93.894	12,877	NORTHEAST	A-45
93.896	106,298	LSU MC NO	A-37
93.902	977,360	DHH	A-8
93.903	384,210	DPS - CS	A-14
93.913	27,251	DHH	A-8
93.917	2,309,086	DHH	A-8
93.925	66,770	LSU MC NO	A-37
93.925	200,308	NORTHWESTERN	A-46
93.925	50,637	SOUTHEASTERN	A-48
93.925	133,916	SOUTHWESTERN	A-55
93.944	92,922	OPH	A-13
93.945	250,918	OPH	A-13
93.958	3,978,747	DHH	A-8
93.959	18,984,290	DHH	A-8
93.960	4,187	LSU MC SHRV	A-40
93.977	1,009,103	OPH	A-13
93.978	54,908	OPH	A-13
93.987	41,677	OPH	A-13
93.989	15,585	LSU BR	A-28
93.991	6,069,420	OPH	A-13
93.994	18,246,142	OPH	A-13
Fixed Price Contracts	27,641	LSU BR	A-28
Subtotal U.S. Department of Health and Human Services	<u>3,845,902,839</u>		

(Continued)

**STATE OF LOUISIANA
Direct Federal Assistance
Index by Federal Agency**

<u>CFDA Number or Type of Assistance</u>	<u>Amount</u>	<u>State Unit</u>	<u>Page Number</u>
SOCIAL SECURITY ADMINISTRATION			
96.001	\$29,268,863	DSS	A-15
Subtotal Social Security Administration	<u>29,268,863</u>		
Total Direct Federal Assistance	6,132,290,964		
Total Indirect Federal Assistance and Private Grants	<u>12,236,974</u>		
Total Assistance	<u><u>\$6,144,527,938</u></u>		

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