

LEGISLATIVE AUDITOR

STATE OF LOUISIANA



SOUTHERN UNIVERSITY
BATON ROUGE CAMPUS

AUDIT REPORT
ISSUED AUGUST 18, 2004

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

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870
www.la.state.la.us

August 18, 2004

DR. LEON R. TARVER, II, PRESIDENT
SOUTHERN UNIVERSITY -
BATON ROUGE CAMPUS
Baton Rouge, Louisiana

We have audited certain transactions of Southern University - Baton Rouge Campus in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to determine whether certain students in the work-study program were paid for time not worked. In addition, we sought to determine whether an employee used leave in accordance with university policy to attend classes during the work day and whether that employee improperly omitted his spouse's income on federal grant applications.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on Southern University's financial statements or system of internal control, nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the president and board members of the Southern University System and others as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a faint, circular watermark or seal.

Steve J. Theriot, CPA
Legislative Auditor

CGM:JLM:DGP:dl

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The legislative auditor received allegations that an employee improperly omitted his spouse’s income on his federal grant application and failed to take leave while attending classes during his work hours. We found in both situations that the University had to some degree discovered and addressed these discrepancies. We also sought to assist the University, through a thorough review of these transactions, in the development of additional evidence needed by the University and other interested parties and through recommended corrective actions. These corrective actions will assist the University in implementing programs and controls to prevent fraud, waste, and abuse.

University Employee Omitted Spouse's Income to Obtain Federal Student Financial Aid

The University routinely selects financial aid applications for verification. During one such verification, the University discovered that the application submitted by Mr. Darrell Augustine, former assistant band director, contained questionable information. Subsequently, Mr. Augustine provided the University with support for his application. To assist the University, we conducted additional review of Mr. Augustine’s applications and found during the period January 2003 through February 2004, Mr. Augustine obtained student financial aid totaling \$6,575 by improperly omitting his spouse's income from his federal financial aid application.

Federal financial aid is awarded based on the student's financial need. The student's financial need determination includes an analysis of his/her expected family contribution (EFC), a formula approved by Congress and the Department of Education which takes into account total household income. Information provided by the student when applying for financial aid is used to calculate the EFC. The EFC is then used to determine whether the student is eligible for federal student aid.

Students apply for financial aid by completing a FAFSA (free application for federal student aid). Students who meet the income guidelines and have EFCs between 0 and 3000 are eligible for a Pell grant and may be considered for a Federal Supplemental Educational Opportunity Grant (FSEOG). The FSEOG is for undergraduate students with exceptional financial need--students with the lowest EFCs. Pell and FSEOG grants do not have to be repaid.

Records indicate that Mr. Augustine applied for and received the following grants:

| <u>Grant Type</u> | <u>Award Date</u> | <u>Award Amount</u> | <u>Semester Awarded</u> |
|-------------------|--------------------|--------------------------|-------------------------|
| FSEOG | June 27, 2003 | \$600.00 | Spring 2003 |
| Pell | July 01, 2003 | <u>1,175.00</u> | Spring 2003 |
| | Subtotal | <u>1,775.00</u> | |
| Pell | August 20, 2003 | 1,900.00 | Fall 2003 |
| FSEOG | August 26, 2003 | 500.00 | Fall 2003 |
| Pell | August 20, 2003 | 1,900.00 | Spring 2004 |
| FSEOG | August 26, 2003 | <u>500.00</u> | Spring 2004 |
| | Subtotal | <u>4,800.00</u> | |
| | Grand Total | <u>\$6,575.00</u> | |



Mr. Augustine indicated on his federal financial aid application that he was separated from his wife. Mr. Augustine also excluded his wife's income from his FAFSA. Excluding his wife's income caused Mr. Augustine's EFC to be 83 for the 2002-2003 academic year and 291 for the 2003-2004 academic year, thereby qualifying him for Pell and FSEOG grants.

During the 2002-2003 academic year, Mr. Augustine's application was selected for verification by the University. Through the verification process, the university determined that Mr. Augustine was married and had excluded his wife's income. Mr. Phillip Rodgers, director of financial aid, confronted Mr. Augustine about the discrepancy. Mr. Augustine provided Mr. Rodgers with a divorce judgment as proof that he was separated from his wife, thereby resolving the discrepancy.

During the 2003-2004 academic year, Mr. Rodgers again received information indicating that Mr. Augustine was married. Mr. Rodgers confirmed Mr. Augustine was in fact married and the divorce judgment submitted beforehand was from a previous marriage. Mr. Rodgers then recalculated his (Augustine's) EFC. After including Ms. Augustine's income in the calculation, Mr. Rodgers realized that Mr. Augustine was not qualified to receive Pell or FSEOG grants for the 2002-2003 and the 2003-2004 academic years.

Mr. Augustine stated that he was wrong to exclude his wife's income when he applied for federal aid. Mr. Augustine also stated that because he has always filed as head of household on his personal tax returns, he did not include his wife's income on his FAFSA applications.

As of June 29, 2004, Mr. Augustine had not reimbursed the University or the United States Department of Education (Department). Mr. Rodgers stated that the University's responsibility is to inform the Department when it determines a student has provided false information on a federal financial aid application. Mr. Rodgers also stated that the University is waiting on official notification of the legislative auditor's findings before notifying the Department.

University Employee Failed to Take Leave While Attending Classes During the Work Day

During July 2003, the University discovered that Mr. Augustine had attended classes during his regular work hours and thereafter reduced his accumulated annual leave accordingly. After receiving information that Mr. Augustine had continued this practice, we examined his class attendance and work activities. During the period January 2003 through February 2004, Mr. Augustine continued to attend class during the work day and failed to record leave. As a result, Mr. Augustine was paid \$4,764 for 399 hours while attending classes.

University policy requires employees who want to attend classes between 8 a.m. and 5 p.m. to (1) obtain prior written approval of their supervisor/department head and Human Resources, and (2) use annual leave or leave without pay while attending classes. This policy stipulates that class attendance should not exceed three semester-hours per week and employees can not attend class during their lunch break. We found no evidence to indicate that Mr. Augustine complied with University policy.



Mr. Augustine began employment at Southern University on July 1, 1988, as a full-time employee in the University's band department. According to Dr. Isaac Greggs, band director, Mr. Augustine's normal work hours were from 8 a.m. to 5 p.m., Monday through Friday. However, as part of his responsibilities, Mr. Augustine was also required to accompany the band on location during its performances.

During the spring 2003 semester, Mr. Augustine enrolled in five classes (a total of 16 class hours per week). Four of these classes were during work hours. During the semester, Mr. Augustine spent 154 hours attending classes that were held during work hours. Payroll records indicate that Mr. Augustine did not use any leave while attending classes for the spring 2003 semester.

In July 2003, Ms. Frances Smith, assistant vice-president for human resources and counsel to the president, informed Mr. Augustine that approval was required for all University employees to attend class during the work day. In addition, she informed him that no employee was permitted to enroll in more than three credit hours during the regular work day. She further explained that employees who enroll in classes during their work day must use annual leave or leave without pay when attending class. Since Mr. Augustine attended classes during the work day for the spring 2003 semester, the University deducted 154 hours from his annual leave balance.

Thereafter, Mr. Augustine enrolled in classes for the summer 2003, fall 2003, and spring 2004 semesters. During those semesters, Mr. Augustine did not record leave for the time he spent attending classes during the work day. The University deducted 239 additional hours of leave from his leave balance. This included 154 hours of leave for the classes Mr. Augustine attended in the fall of 2003 and 85 hours for the classes he attended in the spring of 2004; Mr. Augustine withdrew from school on February 25, 2004. The University did not charge Mr. Augustine for the 85 hours he attended class during the summer 2003 semester.

Mr. Augustine stated that before enrolling in school in January 2003 he requested approval from Dr. Greggs, but was not aware of the three credit hour maximum. We found no evidence that approval was granted by Dr. Greggs. Mr. Augustine also stated that he does not believe that he should have to repay the University for the hours he attended classes because he worked overtime without being compensated. Mr. Augustine, however, did not record any overtime on his time sheets. Mr. Augustine was terminated on May 17, 2004.



she had not approved or signed either time sheet. Ms. Thompson stated she recalled Ms. Cook reporting to CAWSC a couple of times, but not Ms. Solomon. Therefore, neither student was paid work-study wages for the time indicated on their October 2003 time sheets, but both had already received their paychecks for September 2003.

According to Ms. Cook, she and Ms. Solomon prepared their time sheets for CAWSC during September and October 2003, estimated the hours they worked, and calculated the amount they were to be paid. Ms. Cook explained that she prepared the time sheets then gave them to Ms. Solomon to sign. Ms. Cook also stated that she signed their supervisor's name "Carolyn S. Thompson" to each time sheet and then submitted them to the financial aid office.

Ms. Cook estimated that she worked 10-15 hours during September 2003, although she did not always sign in at the agency. Ms. Cook stated that she did not work any of the hours she submitted to financial aid on her October 2003 time sheet. Ms. Cook's CAWSC sign-in sheet indicates that she recorded two hours of work during September 2003. The sign-in sheet also indicates that Ms. Cook did not work any hours in October 2003.

Ms. Solomon stated that she only signed the time sheets and that Ms. Cook prepared and submitted them to financial aid. Ms. Solomon also stated that she did not work during October 2003, but worked over half the hours indicated on her September 2003 time sheet. Ms. Solomon's CAWSC sign-in sheets for September and October 2003 indicate that she did not work any hours.

In February 2004, Ms. Cook provided University internal auditors with a written statement explaining that she had forged her time sheet for September 2003. On June 30, 2004, Ms. Cook reimbursed the University \$424. Ms. Solomon has not reimbursed the University the \$416 she was paid even though the University has requested it.

Mr. Craig Kelly

Mr. Kelly submitted a time sheet for the pay period ending November 26, 2003, indicating he worked 70 hours in the Office of Alumni Affairs though the department secretary indicated he worked only 25 to 30 hours. Mr. Kelly was assigned to work in Alumni Affairs by Mr. Rodgers, director of financial aid, without preparing the proper work-study authorization card. In addition, the department secretary signed a blank time sheet thereby facilitating Mr. Kelly's submission of this time sheet. The secretary became aware of the submission of the time sheet and prevented payment from being made.

Ms. Stephanie Lee, work-study coordinator, stated that during November 2003, the financial aid office received two separate time sheets for Mr. Kelly. The time sheets indicated Mr. Kelly worked in the Office



of Alumni Affairs and the Foreign Language Department during the first week of the month. According to the time sheets, Mr. Kelly worked 70 hours in the alumni affairs office and 14 hours in foreign language for a total of 84 hours during the period November 3 through November 26. Ms. Lee stated that because University policy prohibits students from working multiple work-study assignments, she notified the Office of Alumni Affairs.

Ms. Vanetta Tasker, secretary, stated that she supervises student employees in the Office of Alumni Affairs, monitors the time they work, and approves student payroll. She stated that Mr. Kelly reported to the alumni affairs office on November 4, 2003, indicating he had been sent by the Director of Financial Aid, Mr. Rodgers. She also stated that because Mr. Kelly could not provide her with a work-study authorization card she considered him a volunteer. Ms. Tasker finally stated that Mr. Kelly only worked in the alumni affairs office during the period November 4 through November 13.

According to Ms. Tasker, on November 24, 2003, Mr. Rodgers informed her that Mr. Kelly was a work-study recipient not a volunteer. Mr. Rodgers also informed her that he did not provide Mr. Kelly's work-study card because Mr. Kelly was originally assigned to work in another department and his time would be maintained by that department.

Ms. Tasker stated that Mr. Kelly returned to the alumni affairs office on two occasions seeking approval for the hours he worked. On the first occasion, Mr. Kelly brought a piece of paper with his hours written on it. Ms. Tasker reviewed the hours and signed the paper. On the second occasion, Mr. Kelly brought her a blank time sheet and told her that Mr. Rodgers was going to transfer the hours she had already approved to the time sheet. Ms. Tasker signed the blank time sheet.

FEDERAL WORK-STUDY SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS
STUDENT FINANCIAL AID OFFICE
FWS PAYROLL VOUCHER

Department Code: 10234
Fund Code:
Department: Training Support
Pay Period: November 2003
DUE BACK: November 26, 2003

| Name Signature/Print | Sec. No. (Student ID No.) | HOURS & DAYS WORKED | | | | | | | | | | | | | | | | | | | | | | | | Total Hours | Rate \$6.00 | Amount | | | | | | | | | | | | |
|-------------------------|------------------------------|---------------------|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|--|--|--|--|--|--|----------------|----------------|--------|--|--|--|--|--|--|--|--|--|----|------|--------|
| | | 3 | 4 | 5 | 6 | 7 | 10 | 11 | 12 | 13 | 14 | 17 | 18 | 19 | 20 | 21 | 24 | 25 | 26 | | | | | | | | | | | | | | | | | | | 14 | 6.00 | 84.00 |
| Craig Kelly | | 6 | 0 | 1 | 3 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | 24 | 6.00 | 144.00 |
| | | 3 | 3 | 2 | 6 | 0 | 2 | 0 | 2 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | | | | | | | | | | | | | | | | | | | 55 | 6.00 | 330.00 |
| | | 2 | 6 | 2 | 5 | 1 | 2 | 3 | 2 | 5 | 2 | 0 | 6 | 3 | 5 | 3 | 2 | 6 | 0 | | | | | | | | | | | | | | | | | | | 52 | 6.00 | 312.00 |
| | | 5 | 3 | 4 | 5 | 0 | 3 | 4 | 3 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | 54 | 6.00 | 324.00 |
| | | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | 31 | 6.00 | 186.00 |
| | | 3 | 0 | 2 | 0 | 0 | 0 | 1 | 5 | 0 | 2 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 4 | | | | | | | | | | | | | | | | | | | 24 | 6.00 | 144.00 |

I hereby certify that the above documentation is a true indication of hours worked by each student listed, each student listed has not worked during scheduled class hours, each student listed has performed other assigned duties satisfactorily, and that all time sheets are attached.

Signature of Supervisor: [Signature] Date: 11/26/03
Signature of Department Head: [Signature] Date Received: 11/26/03

Mr. Kelly's time sheet for time worked in the Foreign Language Department during November 2003.

Ms. Tasker stated she was concerned about signing a blank time sheet because University policy did not allow students to pick up or submit their own time sheets to the financial aid department. Ms. Tasker also stated she signed the blank time sheet. She further stated that she advised Ms. Lee not to pay Mr. Kelly for the 70 hours because he had not worked that many hours in the alumni affairs office. Ms. Tasker estimated that Mr. Kelly worked between 25 and 30 hours in the alumni affairs office.

Mr. Rodgers explained that Mr. Donald Wade, national president of alumni affairs, requested assistance in the alumni affairs office during the week before the Bayou Classic. Since Mr. Kelly had been terminated from the Foreign Language Department, Mr. Rodgers sent him to work in the alumni affairs office on a



temporary basis. Mr. Rodgers also explained that had Ms. Tasker verified Mr. Kelly's hours, he would have paid him through financial aid.

Mr. Kelly stated that he did not have a work-study card indicating he was assigned to alumni affairs, but knew Mr. Rodgers had notified the alumni affairs office that he would be working there. He kept track of his time on paper until Mr. Rodgers provided him with a time sheet. According to Mr. Kelly, after preparing his time sheet, Mr. Rodgers instructed him to take it to the alumni affairs office to be signed.

This report has been provided to the District Attorney for the Nineteenth Judicial District of Louisiana and United States Attorney for the Western District. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney or the United States Attorney.¹

¹ **R.S. 14:133** provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.





Though management's system of internal controls functioned properly in alerting management to several of these irregularities, to strengthen the University's fraud prevention efforts we recommend that management:

- Review and implement additional controls that will reduce the likelihood of students providing erroneous information to obtain federal financial assistance. At a minimum, these controls should include:
 - (1) increased coordination between Human Resources and the Office of Financial Aid for those employees seeking to attend the University; and
 - (2) follow-up reviews after the award has been received.
- Exercise greater professional judgment when reviewing supporting documentation submitted by students.
- Compare student registration and employee payroll records to determine if any other employees have violated the University's employee class attendance policy. Comparing registration records to the University's payroll each semester will help identify those employees that are attending classes and if they are within University policy.
- Require departmental supervisors to:
 - (1) require student employees to provide the appropriate work-study authorization documents before allowing them to work;
 - (2) require student employee sign-in and sign-out sheets and time sheets to be approved and maintained by the department in which the student is employed; and
 - (3) prohibit student employees from work-study assignments in multiple departments.
- Require all employees to adhere to the federal work-study guidelines and the University's student employment policies. This may be accomplished by providing each employee with a handbook of current federal guidelines and an updated employment policy manual. In addition, require the employees to annually certify that they have reviewed the guidelines and manual.
- Require departmental supervisors (on and off campus) to perform reviews of student employee payroll procedures and records to ensure that students participating in the work-study program are paid only for time worked. Departmental supervisors should:
 - (1) require all student employees to prepare standardized sign-in sheets and time sheets appropriately documenting specific time and attendance; and
 - (2) compare sign-in sheets to time sheets before submitting time to payroll.
- Review payroll records to identify additional abuses of the work-study program.



- Seek recovery of:
 - (1) funds paid to any additional employees who attended classes during the work day in violation of University policy;
 - (2) funds paid to students who did not actually work the hours for which they were paid; and
 - (3) grant funds paid to Mr. Augustine based on erroneous applications.



Southern University is under the management and supervision of the Southern University Board of Supervisors created by the Louisiana Constitution of 1974. The Board is responsible for the management and supervision of the institutions of higher education, statewide agricultural programs, and other programs that comprise the Southern University System. The powers of the Board of Supervisors are subject to those vested by the constitution to the Louisiana Board of Regents.

The Office of Legislative Auditor received several allegations from an anonymous source alleging improprieties at the University. This audit was performed to determine the propriety of these allegations.

The procedures performed during this audit consisted of (1) interviewing employees and officials of the University; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the University; (4) performing observations; and (5) reviewing applicable state laws and regulations.

We acknowledge the assistance provided in the completion of this audit by Mr. Ralph Slaughter, vice president for administration and management, the University and system internal auditors, and other University personnel.

The results of our audit are the findings and recommendations herein.









SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

BATON ROUGE, LOUISIANA 70813
(225) 771-2011

Baton Rouge, New Orleans,
Shreveport/Bossier City
LOUISIANA

Office of the President
(225) 771-4680

August 13, 2004

Fax Number:
(225) 771-5522

Mr. Steve Theriot
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70802

Dear Mr. Theriot:

Enclosed is the Southern University at Baton Rouge's response to the fraud and abuse audit report submitted to your office.

If you need additional information or have questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Leon R. Tarver II".

Leon R. Tarver II, Ph.D.
President
Southern University System

LRT/bjr

Enclosure

**SOUTHERN UNIVERSITY – BATON ROUGE CAMPUS
MANAGEMENT’S RESPONSE
FRAUD AND ABUSE AUDIT REPORT
August 11, 2004**

UNIVERSITY EMPLOYEE OMITTED SPOUSE’S INCOME TO OBTAIN FEDERAL STUDENT FINANCIAL AID

We concur with the finding, as it is the same finding emanating from the University’s internal review of this employee’s financial aid eligibility.

The University properly awarded Mr. Darryl Augustine financial aid based upon the documentation he submitted on his application to the Department of Education for the 2002-03 year. Subsequent to awarding Mr. Augustine for the 2002-03 year, an internal inquiry concerning his marital status was brought to management’s attention. Based on the internal inquiry, Mr. Augustine was selected for verification and the University promptly followed the verification process and reviewed his financial aid documents. Mr. Augustine was notified of the discrepancy concerning his marital status and he submitted additional documentation on June 27, 2003 to resolve the discrepancy. The documentation presented by Mr. Augustine appeared to be in order and there appeared to be no reason to question the validity of the documentation presented. Mr. Augustine was not selected by the Department of Education for verification, nor did the Office of Student Financial Aid select him for verification for the 2003-04 year, thus no additional information was requested from the student. Based upon the finalization of these findings, a letter will be forwarded to the Department of Education, Dallas Case Team for further review and final action.

UNIVERSITY EMPLOYEE FAILED TO TAKE LEAVE WHILE ATTENDING CLASSES DURING THE WORK DAY

We concur with the finding, as it is the same finding emanating from the University’s internal review of this employee’s class attendance.

As noted in the audit report, because of the University’s own internal review, Mr. Augustine’s annual leave balance was reduced to compensate for his class attendance during work hours. Mr. Augustine’s employment with the University was also terminated on May 17, 2004.

STUDENT EMPLOYEES SUBMITTED TIMESHEETS INCLUDING TIME NOT WORKED

We concur with this finding, as it is the same finding emanating from the University’s internal review of these student employee’s time sheets.

Ms. Ashley Cook and Ms. Camille Solomon

We concur that student employees, Ms. Ashley Cook and Ms. Camille Solomon were initially paid federal work-study wages for time not worked. However, based on the University's own internal review of the students' timesheets, the students were billed for the amounts of unearned wages and these funds were restored to the federal work-study account.

As noted in the audit report, Ms. Ashley Cook fully reimbursed the University on June 30, 2004 for the unearned wages of \$412.00 paid to her. Ms. Camille Solomon has not yet reimbursed the University for the unearned wages of \$416.00 paid to her. If Ms. Solomon does not repay this amount prior to the commencement of the Fall 2004 semester, she will not be allowed to enroll for the Fall 2004 semester, nor will she be able to receive her academic transcript from the University. Finally, the University will forward Ms. Solomon's account to the Louisiana Department of Justice for collection. The University will refer both of these students to the University's Disciplinary Committee for review and appropriate action.

Mr. Craig Kelly

The University is of the opinion that the Financial Aid Director erred in judgment when he failed to have the work-study supervisor complete a new referral card for Mr. Kelly prior to reassigning him to work in the Alumni Office. Aside from the Director moving to assist a department in need with student work assistance, it appears all other internal controls surrounding this occurrence were in place.

According to the Financial Aid Director, when it was brought to his attention that there may have been some improprieties in the hours worked by Mr. Kelly, he made an administrative decision, not to pay the student until the alleged impropriety could be resolved, even though both the supervisor and department head signed the time sheet.

RESPONSE TO RECOMMENDATIONS

As acknowledged in the auditor's report, the University's system of internal controls functioned properly in alerting management to the aforementioned irregularities. University management acknowledges and appreciates the recommendations provided by the auditor, for the purposes of assisting us in strengthening our fraud prevention efforts. As noted previously in the response, management has already implemented or is currently implementing most of these recommendations. We have noted specific exceptions in our response below:

Recommendation 1

- Review and implement additional controls that will reduce the likelihood of students providing erroneous information to obtain federal financial assistance. At a minimum, these controls should include: (1) coordination between Human Resources and the Office of Financial Aid for those employees seeking to attend the University; and; (2) follow-up reviews after the award has been received.

Controls Implementation and Effectiveness

- (1) The coordination and communication between the Human Resource and Student Financial Aid offices as it relates to University employees attending classes will continue.
- (2) The Office of Student Financial Aid will continue the process of conducting follow-up reviews once they have awarded and disbursed financial aid to the student.

Recommendation 2

- Compare student registration and employee payroll records to determine if any other employees have violated the University's class attendance policy. Comparing registration records to the University's payroll each semester will help identify those employees that are attending classes and if they are within University policy.

Controls Implementation and Effectiveness

The Office of Human Resources regularly reviews the University's employee rolls and student enrollment records at the end of periods of registration to determine if employees follow policies applicable to class attendance during working hours. This review process has been effective in the enforcement of the University's policy regarding class attendance by employees. The registration review process for employees will continue and employees will continue to be regularly advised of the policy governing class attendance.

Recommendation 3

- Require departmental supervisors to: (1) require student employees to provide the appropriate work-study authorization documents before allowing them to work, (2) require student employee sign-in and sign-out sheets and time sheets to be approved and maintained by the department in which the student is employed, and (3) prohibit student employees from work-study assignments in multiple departments.

Controls Implementation and Effectiveness

Standard University policy currently require student employees to: (1) provide the appropriate work-study authorization documents to their assigned supervisor or department head; also, the supervisor/department head is required to verify that this information is presented to them before allowing the student to report for work. (2) student employee sign-in and sign-out sheets and time attendance sheets are required to be maintained and approved by the supervisor/department head prior to submitting to the Office of Student Financial Aid for payment; and, (3)

student employees are not permitted to have concurrent multiple work-study assignments.

We will continue to strengthen our controls in this area through monitoring and enforcement of existing policy.

Recommendation 4

- Require all employees to adhere to the federal work-study guidelines and the University's student employment policies. This may be accomplished by providing each employee with a handbook of current federal guidelines and an updated employment manual. In addition, require the employee to certify annually that they have reviewed the guidelines and manual.

Controls Implementation and Effectiveness

A new **Student Employment Supervisor's Manual** is being developed and will be distributed to all supervisors; also, mandatory training for all supervisors and/or department heads will be enforced. These changes are on schedule for implementation in Fall 2004.

Recommendation 5

- Require departmental supervisors (on and off campus) to perform reviews of student payroll procedures and records to ensure that students participating in the Work-study program are paid only for time worked. Departmental supervisors should: (1) require all student employees to prepare standardized sign-in sheets and time sheets appropriately documenting specific time and attendance, and (2) compare sign-in sheets to time sheets before submitting time to payroll.

Controls Implementation and Effectiveness

The University is currently testing an automated time reporting student payroll system that will eliminate the possibility of altered or fraudulent timesheets. In addition, the University will visit off-campus student employment sites to verify the student's attendance and work assignments. We will strengthen our current controls that require timesheets to be delivered and received by supervisors or department heads.

Recommendation 6

- Review payroll records to identify additional abuses of the Work-study program.

Controls Implementation and Effectiveness

The University Office of Internal Audit, the State Legislative Auditors Office, our external auditors, as well as the Office of Student Financial Aid conduct standard reviews of the Federal Work-Study program on a regular basis. As this has proven effective in that our internal controls first identified these issues, we will continue to review and identify if there are any additional abuses.

Recommendation 7

- Seek recovery of: (1) funds paid to any additional employees who attended classes during the workday in violation of University policy; (2) funds paid to students who did not actually work the hours for which they were paid; and (3) grant funds paid to Mr. Augustine based on erroneous applications.

Controls Implementation and Effectiveness

- (1) The University's Office of Human Resource is proactive in this area by conducting regular reviews of all employees attending classes during the workday and who are in violation of policy. This review process has been effective in the enforcement of the University's policy regarding class attendance by employees. The registration review process for employees will continue and employees will continue to be regularly advised of the policy governing class attendance. As in the case of Mr. Augustine, appropriate measures for the recovery of funds will be enforced once it is determined that an employee attending classes during the workday has violated University policy.
- (2) As noted earlier, University management has taken appropriate actions to recover all funds paid to students who did not actually work the hours for which they were paid. The University's offices of Human Resources, Internal Auditor, and Student Financial Aid as well as our external auditors will continue to conduct full and periodic reviews to identify if any improprieties exist and take corrective action as deemed appropriate.
- (3) The University will forward the information for Mr. Darryl Augustine to the Department of Education, Dallas Case Team for further review and final action.