

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Board of Regents for Higher Education
State of Louisiana
Baton Rouge, Louisiana

August 27, 1987



Financial and Compliance Audit Division

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

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**BOARD OF REGENTS FOR HIGHER EDUCATION
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Management Letter
Dated July 18, 1997**

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.

August 27, 1997



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July 10, 1987

BOARD OF REGENTS FOR HIGHER EDUCATION

STATE OF LOUISIANA

Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 1987, we conducted certain procedures at the Board of Regents for Higher Education. Our procedures included (1) a review of the board's internal control structure; (2) tests of financial transactions for the years ending June 30, 1987, and June 30, 1986; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1987, and June 30, 1986.

The Annual Fiscal Reports of the Board of Regents for Higher Education are not within the scope of our work, and, accordingly, we offer no form of assurance on those reports. The board's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected board personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

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

Guidelines for Written Agreements Not Developed

The Board of Regents for Higher Education did not submit a written report to the presiding officers of the legislature and to the House and Senate Committees on Education relating to colleges and universities and the association with their related foundations, associations, or affiliated organizations (entity), before the 1986 Regular Legislative Session, as requested by House Concurrent Resolution No. 189 (HCR) of the 1985 Regular Legislative Session. The report was to:

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- Report the joint development of and agreement upon guidelines by the higher education management boards, the Board of Regents for Higher Education, and the Legislative Auditor relating to the development of a clear statement of the responsibilities, authority, and the relationship of public colleges and universities and their related entities
- Include a copy of the guidelines for agreements agreed upon by the boards and the Legislative Auditor
- Recommend any action needed to implement appropriate mechanisms or procedures to respond to problems, including any misuse of funds, which may be identified as a result of an audit or otherwise identified as a result of such an agreement
- Report those colleges and universities that have and have not entered into written agreements with their related entities, and include the details of compliance or noncompliance as deemed necessary by the Board of Regents for Higher Education pursuant to HCR 185

We were informed that the Board of Regents for Higher Education has held meetings with the higher education management boards to request copies of all current agreements with their related entities and has held meetings with the Legislative Auditor to discuss the status of its efforts. However, no guidelines for written agreements have been developed and adopted, and no report was presented before the 1986 Regular Legislative Session. Failure to do so delays implementation of agreements that include a clear statement of the responsibilities, authority, and the relationship of public colleges and universities and their related entities and appropriate standards and procedures for accounting and auditing accounts of these entities.

The Board of Regents for Higher Education, with the assistance of the higher education management boards and the Legislative Auditor, should complete the steps necessary to compile the elements of the written report, as required by the HCR, for timely submission to the legislature. In a letter dated May 15, 1987, Mr. Marvin L. Robique, Associate Commissioner for Finance and Physical Facilities, stated that "House Concurrent Resolution No. 100 was an urge and request resolution and involved the management boards and the legislative auditor." He further stated, "This was to be a joint effort of all entities listed." He contended that "Nowhere in the resolution did it demand that the Board of Regents would be the organization solely responsible for the development of these procedures." Also, "Since this was an urge and request resolution that required the joint efforts of the legislative auditor and the management boards in addition to the Board of Regents, the Board does not feel that it should be cited for noncompliance in submitting a written report when the report had not been jointly

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developed.³ The board will pursue a meeting with the Legislative Auditor and the management boards to jointly develop the guidelines for submission to the appropriate parties.

Inadequate Time and Attendance Records

The Board of Regents for Higher Education does 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 and to leave (sick or overtime earned). An adequate system of internal control and Civil Service Rule 15.2 require the employee and the supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. In addition, the board's written procedures for time and attendance require each employee to certify his/her time and attendance.

From October 1985 to January 1987, employees did not certify their time and attendance records. In addition, for the pay period ended December 15, 1986, we found that five leave slips were not signed by the employee, seven leave slips were not approved by the supervisor, one overtime and compensatory leave earnings record was not approved by the supervisor, and two section payroll sheets were not approved by the supervisor.

Failure to certify the number of hours of attendance or absence from duty and failure to obtain proper approval of leave taken or overtime earned increases the risk that errors or irregularities might occur and not be detected in a timely manner.

The Board of Regents for Higher Education should re-emphasize the need for all employees to follow Civil Service rules and regulations and board procedures regarding the certification and verification of time and attendance. In addition, procedures should be strengthened to ensure that all leave slips and overtime/compensatory time earning records are properly approved. In a letter dated March 27, 1987, Mr. Martin L. Rodrigue, Associate Commissioner for Finance and Physical Facilities, stated that the Board of Regents for Higher Education felt that its adopted procedures in place at the time of the audit were sufficient and in compliance. Further, the form used to record the time and attendance had been provided to the auditors during the last audit and was acceptable. However, the board has taken corrective action to address the recommendations and further modified its procedures to include certification by the employee.

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The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the board. The varying nature of the recommendations, their implementation cost, and their potential impact on operations of the board should be considered in reaching decisions on courses of action. The findings relating to the board's compliance with applicable laws and regulations should be addressed immediately by management.

By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

TSS:BAJ:dl
