

LEGISLATIVE AUDITOR

LOUISIANA STUDENT FINANCIAL
ASSISTANCE COMMISSION
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA
Management Letter, Dated January 15, 1997
Page 2

the 1995 Regular Session of the Louisiana Legislature requires agencies with budgets in excess of \$50 million to use existing program resources and table of organization for the purpose of establishing an internal auditor position. Considering the size of OSFA's assets (\$33,111,500) and revenues (\$25,529,409) at June 30, 1996, an effective internal audit function is important to ensure that the OSFA's assets are safeguarded and that the OSFA's policies and procedures are uniformly applied.

OSFA should continue its efforts to fill the position of internal auditor so that an effective internal audit function is implemented. In a letter dated August 7, 1996, Mr. Jack L. Quinn, Executive Director, concurred with the finding and recommendation. On November 12, 1996, OSFA hired an internal auditor who is a certified public accountant.

The recommendation in this report represents, in our judgment, that most likely to bring about a beneficial improvement to the operation of the office. The nature of the recommendation, the implementation cost, and the potential impact on operations of the office should be considered in reaching a decision on a course of action.

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

DL-LDM-BJJ:d



EMILY G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYTON BLDG., LOUISIANA TOWER BENT

1401 NORTH THIRD STREET
POST OFFICE BOX 9497
TELEPHONE: (504) 294-8897
FACSIMILE: (504) 294-8879

January 10, 1997

**LOUISIANA STUDENT FINANCIAL
ASSISTANCE COMMISSION
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA
Baton Rouge, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1996, we conducted certain procedures at the Office of Student Financial Assistance. Our procedures included (1) a review of the office's internal control structure; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior year report recommendations.

The June 30, 1996, Annual Fiscal Report of the Office of Student Financial Assistance was not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on that report. The office'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 office 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.

In our prior report on the Office of Student Financial Assistance for the year ended June 30, 1995, we reported a finding related to the need for an internal audit function. This finding has not been resolved and is addressed again in this report.

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

Internal Audit Function

For the sixth consecutive year, the Office of Student Financial Assistance (OSFA) did not have an effective internal audit function to examine, evaluate, and report on its internal controls and to evaluate the extent to which its employees complied with those controls. OSFA established an internal audit function and appointed an internal auditor in June 1995, but that person was subsequently promoted out of the position. Act 18 of

**OFFICE OF STUDENT FINANCIAL ASSISTANCE
DEPARTMENT OF EDUCATION
STATE OF LOUISIANA
Baton Rouge, Louisiana**

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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.

February 19, 1997

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STATE OF LOUISIANA LEGISLATIVE AUDITOR

Office of Student Financial Assistance
Department of Education
State of Louisiana
Baton Rouge, Louisiana

February 10, 1987



Financial and Compliance Audit Division

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