

LOUISIANA STATE UNIVERSITY AT SHREVEPORT

LOUISIANA STATE UNIVERSITY SYSTEM

FINANCIAL AUDIT SERVICES

Procedural Report
Issued December 11, 2024

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Louisiana State University at Shreveport



December 2024

Audit Control # 80240006

Introduction

The primary purpose of our procedures at Louisiana State University at Shreveport (LSUS) was to evaluate certain controls LSUS uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the findings reported in the prior report.

Results of Our Procedures

We evaluated LSUS's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of LSUS's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to bank reconciliations, payroll and personnel expenses, and payments to online educational service providers.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in LSUS's procedural report dated August 23, 2023. The prior-report finding related to Ineffective Bank Reconciliations has not been resolved, and the prior-report finding related to Weakness in Controls Over Payroll has been partially resolved. Both are addressed again in this report.

Current-report Findings

Ineffective Bank Reconciliations

For the third consecutive engagement, LSUS did not ensure bank reconciliations were properly and timely prepared and did not accurately and timely record transactions in its accounting systems. Failure to properly and timely prepare bank reconciliations and failure to timely and accurately post transactions in the accounting system increases the risk that errors and/or fraud could occur and not be detected in a timely manner and increases the risk of inaccurate financial reporting.

LSUS uses Workday as the accounting system of record; however, bank statements are reconciled to Integrow instead of Workday because of the level of detail maintained in the Integrow system. LSUS has a process to ensure transactions initiated in Integrow are properly posted to Workday but did not implement a process to ensure transactions initiated in Workday are recorded in Integrow or to ensure the cash balances agree.

We reviewed the bank reconciliation for October 2023 and, as noted in the prior engagement, there continues to be an unexplained net difference of \$167,800 between the bank balance and the Integrow cash balance. The unexplained difference is due, in part, to a large number of reconciling items that are dated prior to January 2022 and not resolved, including \$1.8 million in transactions recorded in Integrow that did not appear on the bank statement, and \$1.7 million in deposits on the bank statement that were not recorded in Integrow. Included in these amounts are Pilots Pointe Apartment deposits totaling \$69,292 from July 2020 to June 2021 that cleared the bank but are not recorded in Workday or Integrow. Management represented that it believes the majority of these transactions offset each other, but it did not have sufficient information to match them exactly and clear them from the reconciliation; management had exhausted all avenues to identify and clear these transactions; and the agency was planning to create an adjusting entry to clear them, but had not yet done so as of May 21, 2024.

We obtained bank reconciliations for July 2022 through January 2024 and examined the dates that they were reviewed and approved. In 18 (95%) of 19 reconciliations examined, reconciliations were reviewed and approved 44 to 354 days after month-end. In addition, eight (42%) of 19 reconciliations were prepared and reviewed, in part, by the same person.

Good internal control requires proper posting of transactions to the accounting records, and accurate and timely reconciliation of bank account balances to accounting records. Bank reconciliations provide management with a basis to ensure that all transactions that affect both the bank accounts and the accounting records agree. Reconciliations are also helpful in identifying misappropriations.

Management should establish policy and procedures to ensure bank reconciliations are timely prepared, reviewed, and approved, and reconciling items identified during the bank reconciliation process are accurately and timely investigated and corrected. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

Noncompliance with Timekeeping Records Requirements

For the third consecutive engagement, LSUS unclassified employees who earn leave did not certify time and attendance records monthly as required by Louisiana Revised Statute (R.S.) 17:3311.A(3). Inadequate controls over monthly certifications increase the risk that errors and/or fraud may occur and not be detected in a timely manner, and increase the likelihood of noncompliance with state laws.

We analyzed monthly certification reports provided by management of unclassified employees who earn leave and are required to certify their time and attendance records for the months of July 2022 through December 2023 (as of February 21, 2024). As a result, we noted 381 (8%) of 4,972 payroll records analyzed were not certified by the employee within 30 days of the day after the payroll period end date. Delays in the certification of records averaged 64 days and ranged from 31-424 days of the day after the payroll period end date as follows:

Number of Days	Number of Records
31-60	238
61-90	91
91-180	39
>180	13

Although LSUS has formal written policies requiring monthly certification of daily attendance and leave records for unclassified employees, management represented that the policy is dated and requires revision. Additionally, management does not have an effective process to ensure all employees, as required by law, certify attendance and leave records monthly. Periodic reminders to complete certifications are sent to employees and supervisors; however, no additional procedures are performed after these reminders are sent to ensure employees complete the required certifications in a timely manner.

Management should develop monitoring and follow-up procedures to ensure that payroll time and attendance certifications are certified timely by employees. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2).

Theft of Cash Received by the Athletics Department

LSUS Athletics Department management identified two instances of theft of cash receipts estimated at approximately \$8,850. The exact amount of the thefts could not be determined due to a lack of documentation over cash receipts. Inadequate controls over cash increases the risk that funds could be stolen or misused.

The Athletics Department collects cash for ticket sales, concessions, and other activities related to athletic events. The first theft occurred in October 2023 and involved \$850 in missing cash that had been left unsecured in the top drawer of a desk. LSUS investigated, but no suspects were identified, and no additional safeguards over cash were put in place. The second theft occurred in April 2024 and was discovered when an employee who resigned notified Athletics management that cash was left in the safe; however, upon investigating the contents of the safe, it was discovered that the cash was missing. Based on LSUS's investigation, no Athletics cash deposits were made from November 2023 to April 2024, during which time approximately 17 women's basketball, 18 men's basketball, and 18 men's baseball games occurred. It was estimated that approximately \$8,000 in cash was stolen from the safe based on interviews conducted during the investigation.

LSUS Policy #3.34.00 requires departments to implement appropriate cash-handling procedures, including proper segregation of duties, securing cash in excess of \$250 in a vault or safe, maintaining adequate cash receipt records, making daily deposits to the Office of Accounting Services, reconciling cash receipts to the accounting system on a monthly basis, and developing detailed written departmental operating procedures. However, the Athletics Department does not have written policies and procedures over cash receipts.

Athletics Department management should establish policies and procedures to ensure compliance with LSUS Policy #3.34.00, monitor employees to ensure they are complying with departmental policies and procedures over cash receipts, and ensure that all documentation related to the collection of funds for athletics-related events is properly maintained. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 3).

Bank Reconciliations

LSUS maintains one local bank account to deposit self-generated funds, such as tuition and fees and auxiliary services collections, to disburse student refunds, and to transfer funds to the LSU Baton Rouge campus. A general operating bank account is maintained by the LSU Baton Rouge campus to deposit funds received from LSUS and for making disbursements on behalf of LSUS. The cash balance for LSUS at June 30, 2024, per LSUS's Annual Fiscal Report, was \$7,985,240.

We obtained an understanding of LSUS's controls over bank reconciliations for the local bank account. We obtained bank reconciliations for July 2022 through January 2024 to ensure they were reviewed and approved timely. We randomly selected one monthly bank reconciliation during the same time period to ensure proper preparation. Based on the results of our procedures, we found that LSUS's bank reconciliations were not effective, as noted in the Current-report Findings section.

Payroll and Personnel Expenses

We obtained an understanding of LSUS's controls over pay authorization, additional compensation, time and attendance, and one-time salary payments. We performed the following procedures:

- Reviewed a sample of 18 payroll transactions from pay periods July 1, 2022, through January 31, 2024 to ensure that employees were paid at the authorized rate, including additional compensation and retroactive payments, and that there was no evidence of improper one-time salary supplements or duplicate payments.
- Randomly selected a sample of 15 payroll transactions from employees of the Facility Services Department from pay periods July 1, 2022,

through January 31, 2024, to ensure timely approval of hours worked and leave taken, as well as timely and accurate posting of time entries.

- Analyzed monthly certification records of unclassified employees across all departments who earn leave and were required to certify their time and attendance records from July 2022 through December 2023 (as of February 21, 2024) for compliance with timekeeping records requirements.

Based on the results of our procedures, except as noted in the Current-report Findings section, LSUS had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and proper accounting for leave taken.

Payments to Online Educational Service Providers

We obtained an understanding of the agreement governing LSU Online programs, including revenues and expenses related to the delivery of these online courses. We randomly selected a semester/part-of-term from summer 2022 to fall 2023 and reviewed support for the related payments to LSU Online.

Based on the results of our procedures, LSUS had adequate controls in place to ensure that payments were accurately calculated and in accordance with the agreement.

Trend Analysis

We compared the most current and prior-year financial activity using LSUS's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LSUS's management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

EJB:RJM:JPT:BQD:aa
LSUS2024

APPENDIX A: MANAGEMENT'S RESPONSES

May 21, 2024

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Our Management Responses are below for the audit findings presented to our campus via email from Rebecca Marcantel dated May 7, 2024, which covered the 2022-2024 fiscal years.


Finding: Ineffective Bank Reconciliations

Management Response: Management concurs with the finding. LSUS will write and implement policies and procedures for accurately reconciling the bank account in its entirety. LSUS had previously implemented a reconciliation process to ensure that transactions that originate in the legacy system, Integrow, are imported into the system of record, Workday. Management has recently implemented a reconciliation process to ensure that transactions that originate in Workday are reflected in the Integrow as well. A review of all outstanding items has occurred, which allowed LSUS to clean up several of the outstanding items on the bank reconciliation. However, due to the size and age of a vast number of outstanding items, an adjusting entry will need to be created to clear these. Management has also restructured responsibilities surrounding the bank reconciliation process to ensure that the party reviewing the bank reconciliation has had no part in the reconciliation itself outside of review.

Responsible Personnel: Director of Accounting Services, Veronica Crabtree
Implementation Date: June 30, 2024


Shelby Keith
Interim Vice Chancellor for Business Affairs

5-21-2024
Date


Robert T. Smith
Chancellor

5/21/2024
Date

May 23, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor

Dear Mr. Waguespack:

LSUS takes very seriously the responsibility of our unclassified employees to certify time and attendance records monthly as required by Louisiana Revised Statute (R.S.) 17:3311.A(3).

Finding: Noncompliance with Timekeeping Records Requirements

Management Response: Management concurs with the finding. The improved communication and reporting functionality that LSU has implemented in Workday will help in this process. LSUS has hired a new Director of HR that will come on board on June 10, 2024. One of the tasks that will be given to the new director will be to develop monitoring and follow-up procedures to ensure that payroll time and attendance certifications are certified in a timely manner by employees.

Responsible Personnel: Director of Human Resources, Robert Lindsey


Implementation Date: November 29, 2024



Shelby Keith
Interim Vice Chancellor for Business Affairs

5-23-24

Date



Robert Smith
Chancellor

5/23/24

Date

September 10, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor

Dear Mr. Waguespack:

LSUS takes very seriously the responsibility of our departments to adhere to LSUS Policy #3.34.00.

Finding: Theft of Cash Received by the Athletics Department

Management Response: Management concurs with the finding. The LSUS Athletic Department will establish polices and procedures to ensure compliance with LSUS Policy #3.34.00 to monitor employees to ensure they are complying with departmental polices and procedures over cash receipts and ensure that all documentation related to the collection of funds for athletic-related events is properly maintained.

In addition, LSUS has requested from LSU Internal Audit that they conduct an audit on these procedures as well and provide recommendations on appropriate actions for LSUS to take to ensure that LSUS Athletic Department policies and procedures follow LSUS Policy #3.34.00 and proper procedures are followed and identify any other areas of risk in the LSUS Athletics Department.

Responsible Personnel: LSUS Athletics Director


Implementation Date: Within three months of the final recommendations from LSU Internal Audit.



Shelby Keith
Vice Chancellor for Finance and Administration



Date



Robert Smith
Chancellor



Date

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana State University at Shreveport (LSUS) for the period from July 1, 2022, through June 30, 2024. Our objective was to evaluate certain controls LSUS uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review LSUS's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LSUS's accounts are a part of the Louisiana State University System, which is an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated LSUS's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LSUS.
- Based on the documentation of LSUS's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to bank reconciliations, payroll and personnel expenses, and payments to online educational service providers.
- We compared the most current and prior-year financial activity using LSUS's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LSUS's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at LSUS and not to provide an opinion on the effectiveness of LSUS's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.