

LOUISIANA BOARD OF REGENTS

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued June 28, 2023

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

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

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 is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3306 or Report ID No. 80220070 for additional information.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.23. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Louisiana Board of Regents

June 2023

Audit Control # 80220070

Introduction

As a part of our audit of the State of Louisiana's Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2022, we performed procedures at the Louisiana Board of Regents (Regents) to provide assurances on financial information that is significant to the state's Annual Comprehensive Financial Report; evaluate the effectiveness of Regents' internal controls over financial reporting and compliance; and determine whether Regents complied with applicable laws and regulations.

Results of Our Procedures

Current-year Finding

Weaknesses in Controls Over Movable Property

The Louisiana Universities Marine Consortium (LUMCON), a program of Regents, did not ensure that all purchases of movable property were timely and properly tagged and recorded in the state property system in accordance with state property regulations. Failure to comply with state property regulations increases the risk that assets may be misreported, lost, or stolen.

Our procedures performed on five movable property items acquired between July 1, 2021, and June 30, 2022, noted the following:

- One item (20%) with an acquisition cost of \$1,103 was not entered into the LaGov property system within 60 days of receipt, but instead 189 days after receipt.
- Documentation detailing the receipt date of one item (20%) with an acquisition cost of \$10,000 was not available to determine timely and accurate entry into the LaGov property system.

Our procedures performed on 25 movable property items recorded in the LaGov property system at June 30, 2022, noted that four items (16%) totaling \$33,525 were not tagged or were tagged improperly.

The Louisiana Administrative Code requires all movable property items having an original acquisition cost of \$1,000 or more to be tagged with a uniform state of Louisiana identification tag and all pertinent inventory information forwarded to the Louisiana Property Assistance Agency within 60 calendar days after receipt of the items.

LUMCON management has not implemented effective internal controls to monitor employees' adherence to state property regulations to ensure complete and accurate record-keeping and proper tagging of movable property assets.

LUMCON management should provide the necessary supervisory oversight to ensure movable property records are complete and accurate and tagging of assets is performed properly. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Annual Comprehensive Financial Report – State of Louisiana

As a part of our audit of the Annual Comprehensive Financial Report for the year ended June 30, 2022, we considered internal control over financial reporting and examined evidence supporting the Taylor Opportunity Program for Students expenditures.

Based on the results of these procedures, we did not report any findings. In addition, the class of transactions tested is materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2022, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on Regents' major federal program, the Federal Family Education Loan Program – Guaranty Agency (ALN 84.032G).

Those tests included evaluating the effectiveness of Regents' internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether Regents complied with applicable program requirements. In addition, we performed certain procedures on information submitted by Regents to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA).

Based on the results of these procedures, we did not report any findings. In addition, Regents' information submitted for the preparation of the state's SEFA is materially correct.

Other Procedures

In addition to the Annual Comprehensive Financial Report and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing Regents' internal control and compliance with related laws and regulations over self-generated revenues and movable property for LUMCON.

Based on the results of these procedures, we reported a finding related to Weaknesses in Controls over Movable Property, as described previously.

Trend Analysis

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

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of Regents. The nature of the recommendation, its implementation costs, and its potential impact on the operations of Regents should be considered in reaching decisions on courses of action. The finding, which relates to compliance with applicable laws and regulations, should be addressed immediately by management.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

WSN:EBT:BQD:ch

REGENTS2022

APPENDIX A: MANAGEMENT'S RESPONSE



CONNECT | ENRICH | TRANSFORM

May 30, 2023

Michael J. Waguespack, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

RE: Weaknesses in Controls Over Movable Property

Dear Mr. Waguespack,

The Louisiana Universities Marine Consortium (LUMCON), a program of the Board of Regents, concurs with the Weaknesses in Controls Over Movable Property finding for Fiscal Year 2022.

Property and equipment delivery policies changed due to COVID restrictions. Prior to the pandemic, all deliveries of supplies and equipment were delivered to a centralized location. Since the pandemic, some deliveries had been left at the front desk, delivered to empty offices, or a staff member received an item. The items and necessary paperwork may not have reached the property manager or staff within the intended time frame.

LUMCON will implement additional controls, reassess internal property procedures, and communicate property management policies and procedures through mandatory staff training. LUMCON will ensure staff members are trained to refer all deliveries of supplies and equipment to a centralized location. These procedures and required training should prevent the property issues noted from recurring in future years.

Donna Lottinger, LUMCON Deputy Director and Chief Operating Officer, will be responsible for the corrective actions, which will be completed by October 31, 2023.

Sincerely,

Brian J. Roberts
Executive Director and Chief Scientist
Louisiana Universities Marine Consortium | 8124 Highway 56 | Chauvin, LA 70344
985-851-2801, -2821, broberts@lumcon.edu

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Board of Regents (Regents) for the period from July 1, 2021, through June 30, 2022, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report, and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2022.

- We evaluated Regents' 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 Regents.
- Based on the documentation of Regents' controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the Annual Comprehensive Financial Report.
- We performed procedures on the Federal Family Education Loan Program – Guaranty Agency (ALN 84.032G) for the year ended June 30, 2022, as a part of the 2022 Single Audit.
- We performed certain procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2022, as a part of the 2022 Single Audit.
- We compared the most current and prior-year financial activity using Regents' Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from Regents' management for significant variances.

In addition, we performed procedures on the self-generated revenues and movable property for LUMCON. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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

We did not audit or review Regents' Annual Fiscal Report, and accordingly, we do not express an opinion on that report. Regents' accounts are an integral part of the State of Louisiana's Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.