

LOUISIANA STATE UNIVERSITY AT EUNICE

LOUISIANA STATE UNIVERSITY SYSTEM

FINANCIAL AUDIT SERVICES

Procedural Report
Issued April 9, 2025

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Louisiana State University at Eunice



April 2025

Audit Control # 80240008

Introduction

The primary purpose of our procedures at Louisiana State University at Eunice (LSU Eunice) was to evaluate certain controls LSU Eunice 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 LSU Eunice'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 LSU Eunice's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to student accounts receivable, student refunds, human resource management, and timekeeping records requirements.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in LSU Eunice's procedural report dated September 19, 2022. The prior-report findings related to Inadequate Controls over Student Refunds, Failure to Submit Past-Due Student Accounts Receivable for Collection, and Noncompliance with Timekeeping Records Requirements have not been resolved and are addressed again in this report.

Current-report Findings

Inadequate Controls over Student Refunds

For the third consecutive engagement, LSU Eunice had inadequate controls over student refunds. Refunds for overpayments of tuition and fees are compiled, edited, sent for payment, posted to student accounts, and reconciled by one employee with

limited independent review. Good internal control requires segregation of duties and shared responsibilities of key processes. Inadequate segregation of duties increases the risk that students are refunded incorrect amounts due to error or fraud.

LSU Eunice processed approximately \$3.6 million in check refunds and \$9.7 million in electronic refunds to students from July 1, 2022, to June 30, 2024. The following control weaknesses were noted:

- For electronic refunds, journal entries to record the refunds are approved in the accounting system by a separate employee; however, the employee is only approving entries made to the financial accounting system without any evidence of review of the accuracy/verification to the student accounts. Furthermore, the approvals being made to the accounting system entries are done after the refunds are issued.
- For refunds issued by check, an initial email list of students receiving checks are reviewed by a separate employee, but edits to the list are subsequently made without review by a separate employee before the checks are issued, and the final refund listing is not compared by the reviewer to entries made in the accounting system, the student accounts, or a subsequent verification of the actual checks that were issued.

LSU Eunice management stated that the lack of segregation of duties was because of inadequate staffing and increased turnover. Management of LSU Eunice should review and update its procedures for issuing student refunds to ensure proper segregation of duties exist and that all transactions are sufficiently reviewed and approved prior to refunds being issued. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Failure to Submit Past-Due Student Accounts Receivable for Collection

For the third consecutive engagement, LSU Eunice did not submit past-due student accounts receivable to the Louisiana Attorney General (AG) for collection in accordance with state law and its written procedures. Failure to submit these accounts for collection increases the risk that the accounts will become uncollectable.

Louisiana Revised Statute (R.S.) 47:1676 (A)(2) requires agencies to refer delinquent debts to the AG for collection when the debt has been delinquent for 60 days, or other time period as incorporated into agreements with the AG. Per LSU Eunice's agreement with the Louisiana Department of Justice/AG, placement of accounts shall be at the discretion of LSU Eunice. According to LSU Eunice's past practices and written procedures, past-due student accounts should have been turned over to the AG within 30 days from the date final past-due notices were sent. LSU Eunice submitted past-due student accounts receivable to the AG in September through December 2023 for debts related to the Spring 2023 and Summer 2023 semesters; however, no outstanding accounts from the Spring 2019 semester to the Fall 2022 semester and the Fall 2023 semester have been submitted as of April 2024.

Based on an outstanding receivable report provided by management as of March 20, 2024, receivable balances not submitted to the AG from spring 2018 to fall 2023, by semester, are as follows:

Student Accounts Receivable (As of 3/20/2024)			
	Spring Semester	Summer Semester	Fall Semester
(Calendar Year) 2018	\$76,109	\$8,998	\$140,958
2019	\$188,427	\$12,307	\$272,719
2020	\$99,069	\$21,875	\$341,653
2021	\$267,410	\$34,014	\$353,468
2022	\$296,634	\$38,204	\$374,758
2023	\$117,775	\$19,078	\$620,557

LSU Eunice management should update and follow its written procedures on submitting past-due accounts to the AG for collection to ensure compliance with state law. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 2-3).

Noncompliance with Timekeeping Records Requirements

For the third consecutive engagement, LSU Eunice unclassified employees who earn leave did not certify time and attendance records monthly as required by R.S. 17:3311.A(3). Inadequate controls over monthly certifications increases the risk of fraud or error related to time worked going undetected and 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 August 2022 through December 2023 (as of March 14, 2024). We did not include the months of June 2023 and July of 2022 and 2023 because the certification reports for those months included nine-month employees who do not work or earn leave during these months and therefore do not require certification. As a result of our analysis, we noted 113 (8%) of 1,373 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 ranged from 31 to 258 days of the day after the payroll period end date as follows:

Number of Days	Number of Records
31-60	74
61-90	22
91-180	14
>180	3

LSU Eunice does not have formal written policies requiring monthly certification of daily attendance and leave records for unclassified employees. Additionally, management does not have an effective process to ensure that all employees, who are 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.

LSU Eunice management should design and implement written policies and procedures that require certifications to be completed timely and monitoring to ensure that the certifications are being completed. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 4).

Weaknesses in Controls over Payroll

LSU Eunice did not maintain adequate controls over payroll to ensure payments were properly approved and in accordance with LSU Eunice policy or applicable laws and regulations. In a sample of 10 employees with compensatory actions between July 1, 2022, through June 30, 2024, we noted the following:

- One employee had a faculty pay increase that was not approved by appropriate personnel in accordance with *LSU Eunice Policy Statement 57: Salaries*. We determined this pay increase was part of an across-the-board faculty increase of 2.5% to 3% during fiscal year 2023 that was granted to 53 employees totaling \$85,086 without appropriate approvals.
- Three employees were granted one-time payments based solely on years of service already rendered, which may have violated state law. We determined these payments were part of one-time payments of 4% of base salary for full-time, permanent professional staff employed for at least one year and 7% of base salary for full-time, permanent professional staff employed for two or more years for fiscal year 2024 that were granted to 42 employees totaling \$131,410.

Good internal controls require that pay increases be approved by appropriate personnel in accordance with internal policy, be in accordance with state law, and that adequate supporting documentation be maintained. Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

LSU Eunice did not obtain and maintain appropriate authorization for a FY23 faculty pay increase. Additionally, management did not seek an AG opinion or otherwise evaluate one-time payments to ensure such payments, taken as a whole, did not appear to be gratuitous and to evidence that LSU Eunice had a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended to ensure compliance with state law.

Inadequate controls over payroll increases the risks that payments to employees are inaccurate, not appropriately approved in accordance with internal policy, or in violation of state law. Management should design and implement procedures that ensure pay increases are in accordance with internal policy and state law, and should seek an opinion from the AG, where applicable. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 5).

Student Accounts Receivable

LSU Eunice has an agreement with the Louisiana Attorney General (AG) for debt collection. We reviewed LSU Eunice's policies and procedures related to debt collection for compliance with applicable laws and regulations. We performed procedures to ensure LSU Eunice followed its internal policies and procedures and that collection activity followed state law and the agreement with the AG. Based on the results of our procedures, as noted in the Current-report Findings section, LSU Eunice did not have adequate controls in place to ensure past-due accounts were being submitted for collection.

Student Refunds

LSU Eunice processed approximately \$13.3 million in student refunds from July 1, 2022, to June 30, 2024. We obtained an understanding of LSU Eunice's controls over the student refund process and tested a sample of electronic refund transactions from the Spring and Summer 2024 terms to ensure transactions were properly supported, performed with adequate separation of duties, and accurately recorded in the financial accounting system. Based on the results of our procedures, as noted in the Current-report Findings section, LSU Eunice did not have adequate segregation of duties in place over key processes related to student refunds.

Human Resource Management

We obtained an understanding of LSU Eunice's controls over position management, compensatory actions, and terminations. We tested a sample of employees and performed procedures to ensure LSU Eunice complied with its internal policies and procedures related to the approval of new positions, the filling of vacant positions, and compensatory rates. We also obtained a report of employees terminated between July 1, 2022, and June 12, 2024 and tested a sample to ensure LSU Eunice complied with internal policies and procedures related to employee terminations. Based on the results of our procedures, as noted in the Current-report Findings section, LSU Eunice does not have adequate controls in place to ensure payments for employee compensation are properly approved. LSU Eunice had adequate controls in place to ensure employee terminations were processed timely.

Timekeeping Records Requirements

We obtained an understanding of controls over compliance with R.S. 17:3311.A(3) related to the certification of time and attendance records by unclassified employees who earn leave. We analyzed monthly certification records from August 2022 through December 2023 to ensure compliance with timekeeping records requirements. Based on the results of our procedures, as noted in the Current-report Findings section, LSU Eunice did not have adequate controls in place to ensure compliance with state law regarding the timely certification of time and attendance records by unclassified employees who earn leave.

Trend Analysis

We compared the most current and prior-year financial activity using LSU Eunice's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LSU Eunice'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,

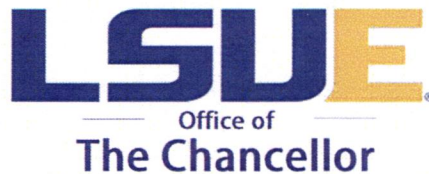


Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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LSU EUNICE2024

APPENDIX A: MANAGEMENT'S RESPONSES



February 7th, 2025

Michael J. Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Below are the responses by Louisiana State University Eunice to one audit findings that occurred during this year's review conducted by Rebecca J. Marcantel, CPA and team.

I. Inadequate Controls over Student Refunds

Louisiana State University-Eunice concurs with the finding. After the 2022 finding, new review procedures were implemented. While the institution believes this has helped identify potential issues before they arise, we are still unable to implement further controls due to the current student information system limitations. Starting in Fall 2025, LSUE will be fully operational in Workday Student, and no longer operating in Jenzabar. With the added functionality, LSUE believes it can implement proper internal control policies for student refunds.

Corrective Action Plan: Audwin Donatto, Interim Associate Vice Chancellor of Business Affairs will be implementing new policies as the institution transitions to Workday Student that will include the following steps:

1. Implement Business Process Approval steps in Workday student that require multiple approvals on all refunds.
2. Create reconciliation logs for paper check processes.

Anticipated Completion Date: December 15, 2025

Louisiana State University at Eunice is committed to ensuring that proper internal controls are established over its student refunds.

Sincerely,


Nancee J. Sorenson
Chancellor

cc. Audwin Donatto, Interim Associate Vice Chancellor of Business Affairs

Louisiana State University Eunice
PO Box 1129
Eunice, LA 70535-1129

Success Starts Here.

P (337) 550-1201
F (337) 546-6620
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Office of the Chancellor

October 17, 2024

Mr. Mike Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Below is the response by Louisiana State University Eunice to audit finding that occurred during this year's review conducted by Eban Broussard, CPA and team.

I. Failure to Submit Past Due Student Accounts Receivable for Collection

Louisiana State University Eunice concurs with the finding. We recognize that State law requires that when the University has completed final internal collection efforts with student accounts, and have determined the accounts to be sixty days past due, that these should and will be sent to the Attorney General's Office for collection. It is our intention to do so.

LSUE hired staff to assist with the correction of this finding in 2023. During this time we were in the process of submitting all overdue accounts to collections. However due to unexpected staff departures, this correction process had come to a stop due to a shortage of personnel.

All outstanding accounts prior Fall 2024 will be reviewed for submission to the Attorney General, as a cleanup process for the implementation of a student information system.

Corrective Action Plan: Audwin Donatto, Interim Associate Vice Chancellor of Business Affairs, and staff will complete a review of student accounts prior to Fall 2024 to determine those considered active and those that require referral to the Attorney General's Office for collection. We have hired additional staff to assist with this task.

Anticipated Completion Date: Review and submission of Student Accounts to the Attorney General's Office will be completed by May 31st, 2025.

In conclusion, it is LSUE's desire to move forward in a positive and up-to-date environment that responds rapidly to the change that is required.

Please do not hesitate to contact me if further information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nancee Sorenson', followed by a long horizontal flourish.

Nancee Sorenson, Ed.D.
Chancellor



January 5, 2025

Mr. Mike Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Below is the response by Louisiana State University Eunice to audit finding that occurred during this year's review conducted by Eban Broussard, CPA, Senior Financial Auditor and team.

Noncompliance with Timekeeping Records Requirements

Louisiana State University Eunice concurs with the finding. We recognize that State law requires that each employee complete a Leave Certification. We acknowledge that this is the third notation. In 2024, the former Vice Chancellor of Business Affairs unexpectedly resigned in January of 2024. As a result, Audwin Donatto was promoted to Associate Vice Chancellor of Business Affairs. Ms. Donatto has done an outstanding job in taking on these new responsibilities. In further review, we determined that the Corrective Action Plan as defined in a letter to you on August 25, 2022, had only been partially completed.

Corrective Action Plan: Audwin Donatto, Associate Vice Chancellor of Business Affairs will take primary responsibility for the implementation of the plan. The plan will be comprised of the following:

Develop and finalize a policy and accompanying processes for LSUE requiring monthly certification of daily attendance and leave of unclassified employees. The policy will include disciplinary measures for non-compliance. We have identified that faculty comprise the largest group of employees that are late in certification. The Vice Chancellor of Academic Affairs and Provost will work in tandem with the Office of Business Affairs to ensure this is completed.

Anticipated Completion Date: February 28, 2025.

We appreciate the positive working relationship with the Office of the Legislative Auditor. Please do not hesitate to contact me if further information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancee Sorenson", written over a horizontal line.

Nancee Sorenson, Ed.D.
Chancellor



January 5, 2025

Mr. Mike Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Below is the response by Louisiana State University Eunice to audit finding that occurred during this year's review conducted by Eban Broussard, CPA, Senior Financial Auditor and team.

Weakness in Controls Over Payroll

Louisiana State University at Eunice concurs with the finding. We agree that for the four employees in question, the appropriate approvals could not be documented. While we support the increases for these employees, we recognize that there was a lack of comprehensive documented approval.

Corrective Action Plan: Audwin Donatto, Associate Vice Chancellor of Business Affairs will take the lead in ensuring that all administrative supervisors required for approval will be documented in one form. Personnel in Human Resources will not process any increase without all required signatures. This will ensure compliance with LSU Eunice Policy Statement 57. LSU Eunice will consult with the Office of the Louisiana Attorney General when applicable to ensure there is no possible violation of state law.

Anticipated Completion Date: February 28, 2025.

We appreciate the positive working relationship with the Office of the Legislative Auditor. Please do not hesitate to contact me if further information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancee Sorenson".

Nancee Sorenson, Ed.D.
Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana State University at Eunice (LSU Eunice) for the period from July 1, 2022, through June 30, 2024. Our objective was to evaluate certain controls LSU Eunice 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 LSU Eunice's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LSU Eunice'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 LSU Eunice'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 LSU Eunice.
- Based on the documentation of LSU Eunice's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to student accounts receivable, student refunds, human resource management, and timekeeping records requirements.
- We compared the most current and prior-year financial activity using LSU Eunice's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LSU Eunice'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 LSU Eunice and not to provide an opinion on the effectiveness of LSU Eunice'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.