

LEGISLATIVE AUDITOR
STATE OF LOUISIANA



UNIVERSITY OF LOUISIANA AT LAFAYETTE

UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA

MANAGEMENT LETTER
ISSUED NOVEMBER 24, 2004

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

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STEVE J. THERIOT, CPA

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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 and at the office of the parish clerk of court.

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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November 17, 2004

UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

As part of our audit of the University of Louisiana System's financial statements for the year ended June 30, 2004, we considered the University of Louisiana at Lafayette's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the university's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. In addition, we considered the University of Louisiana at Lafayette's internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the university's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The financial information provided to the University of Louisiana System by the University of Louisiana at Lafayette is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. The university's accounts are an integral part of the University of Louisiana System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the University of Louisiana at Lafayette for the year ended June 30, 2003, we reported a finding relating to failure to submit a document retention schedule. That finding has been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2004.

Over-Award of Federal Family Education Loans

The University of Louisiana at Lafayette (UL Lafayette) did not have sufficient controls to ensure "cost of attendance" budget amounts were accurate when determining Federal Family Education Loans (CFDA 84.032). The Code of Federal Regulations [34 CFR 682.603 (d)(2)] states that a school may not certify a Stafford or PLUS loan application, or combination of loan applications, for a loan amount that exceeds the student's

LEGISLATIVE AUDITOR

**UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated November 17, 2004

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estimated cost of attendance, less the student's estimated financial assistance for that period, and in the case of a Stafford loan that is eligible for interest benefits, the borrower's expected family contribution for that period.

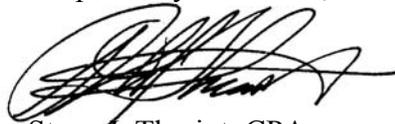
Audit procedures conducted for 43 students indicated that three (7%) of the students' cost of attendance budget amounts were incorrectly posted to UL Lafayette's system that calculates and packages federal awards. This resulted in two of the students receiving \$6,863 of Federal Family Education Loans in excess of their financial need, which represents questioned cost. In addition, over-awards of subsidized loans could cause the federal government to incur additional interest expense, which may have to be repaid by UL Lafayette.

UL Lafayette should establish and implement controls to ensure that cost of attendance budgets are entered properly so that federal awards are calculated correctly. Management concurred with the finding and provided a corrective action plan (see Appendix A).

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

This letter is intended for the information and use of the university and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

DLC:EFS:PEP:dl

[ULL04]

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation



UNIVERSITY
OF
LOUISIANA
L a f a y e t t e

Financial Aid Office

P.O. Box 41206
Lafayette, LA 70504-1206
Office: 337-482-6506

Université des Acadiens

November 1, 2004

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

Dear Mr. Theriot:

Please find below our management response to the FY 2003-2004 audit finding of "Over-Award of Federal Family Education Loans".

The University concurs with the finding.

The Corrective Action Plan created by the University is as follows:

Once notified about the potential over-awards by the external auditors, the creation of a program to identify those files was requested of the Office of Information Systems. The requested program was available on August 6, 2004. This program has been run and will continue to be run as a part of the financial aid awarding procedures before award letters are mailed to students.

Sincerely,


Cindy S. Perez
Director

