

LEGISLATIVE AUDITOR
STATE OF LOUISIANA



LOUISIANA OFFICE OF STUDENT

FINANCIAL ASSISTANCE

DEPARTMENT OF EDUCATION

STATE OF LOUISIANA

BATON ROUGE, LOUISIANA

MANAGEMENT LETTER
ISSUED OCTOBER 20, 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.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-eight copies of this public document were produced at an approximate cost of \$56.56. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 3393 or Report ID No. 04502639 for additional information.

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 Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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October 6, 2004

**LOUISIANA STUDENT FINANCIAL
ASSISTANCE COMMISSION
LOUISIANA OFFICE OF STUDENT
FINANCIAL ASSISTANCE
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, 2004, we considered the Louisiana Office of Student Financial Assistance's internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements, and we tested the office's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of the Louisiana Office of Student Financial Assistance is not audited or reviewed by us, and, accordingly, we do not express an opinion 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 opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. The finding included in this management letter that is 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.

**Lack of a Disaster Recovery/Business
Continuity Plan**

The Office of Student Financial Assistance (OSFA) does not have a disaster recovery/business continuity plan with access to an offsite disaster facility. Good internal control requires that the office develop and test a disaster recovery plan/business continuity plan and obtain access to an offsite disaster recovery facility to provide a timely restoration of critical operations in the event that normal data processing facilities are unavailable for an extended period of time. OSFA maintains in-house computer records for various state scholarship and grant programs, including the Tuition Opportunity Program for Students and the Student Assistance and Revenue Trust Program.

LOUISIANA OFFICE OF STUDENT
FINANCIAL ASSISTANCE

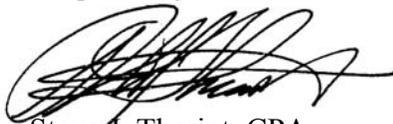
According to management, OSFA has no disaster recovery/business continuity plan or access to an offsite disaster facility because of insufficient funding. Failure to implement a disaster recovery/business continuity plan increases the risk that untimely or excessive delays in processing critical data, including the information required for students applying for financial assistance, may occur and that critical information may be lost.

Management of OSFA should prepare a written disaster recovery/business continuity plan, obtain access to an offsite disaster recovery facility, test the plan periodically, and update it as necessary to ensure that the plan continues to meet the office's needs. Management concurred with the finding and recommendation and outlined a plan of corrective action (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 office. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the office should be considered in reaching decisions on courses of action.

This letter is intended for the information and use of OSFA 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

BB:STD:THC:ss

[OSFA04]

MANAGEMENT'S CORRECTIVE ACTION
PLAN AND RESPONSE



STATE OF LOUISIANA
OFFICE OF STUDENT FINANCIAL ASSISTANCE
P.O. BOX 91202 ♦ BATON ROUGE, LA 70821-9202



Kathleen Babineaux Blanco
GOVERNOR

(225) 922-1011
1-800-259-5626
FAX (225) 922-1089
www.osfa.state.la.us

July 19, 2004
04-319

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Response to Audit Finding

Dear Mr. Theriot:

Your audit of the Louisiana Office of Student Financial Assistance (LOSFA), dated July 12, 2004, disclosed one finding. As requested, the following is our response to that finding.

Finding: Lack of a Disaster Recovery/Business Continuity Plan

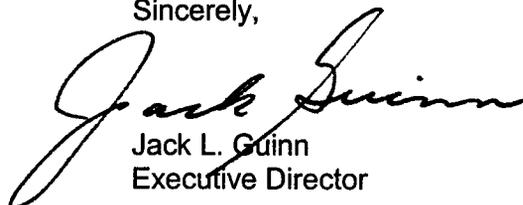
We concur with your finding. LOSFA does not have a business continuity plan in place, though we have long recognized the need for such a plan and have, since state fiscal year 2000-2001, submitted budget requests seeking appropriation of funds to develop and provide for implementation of such a plan.

In July 2001, the state created the Office of Information Technology, which is responsible for the creation and administration of a comprehensive statewide disaster recovery initiative. Attached as Exhibit A, you will find a reply from the Office of Information Technology that explains the responsibilities of both that office and this agency regarding the development of and funding for a disaster recovery/business continuity plan.

While I believe it is not cost-effective to have each agency of the state contract individually for an off-site computing facility as suggested by the Office of Information Technology, our corrective action plan, Exhibit B, does incorporate that guidance.

If you have questions regarding this response or need additional information, please call me at (225) 922-1023.

Sincerely,


Jack L. Guinn
Executive Director

JLG/GBE/csm
Enclosures



Kathleen Babineaux Blanco
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

EXHIBIT A

Jerry Luke LeBlanc
COMMISSIONER OF ADMINISTRATION

June 22, 2004

REC'D JUN 23 2004

Mr. Jack Guinn
Executive Director
Office of Student Financial Assistance
P. O. Box 91202
Baton Rouge, LA 70821-9202

Dear Mr. Guinn:

This is in response to your letter dated June 15, 2004, regarding an approved and operational disaster recovery plan for your office. The Office of Information Technology (OIT) IT Policy 011 requires that all agencies under the authority of the Chief Information Officer must develop, test and maintain a disaster recovery/business continuity plan (DR/BCP). The DR/BCP should be designed to ensure the availability of mission-critical services and functions in the event of a disaster or unscheduled event that would impact the agency's information technology and telecommunications systems. The responsibility for accomplishing this is that of the agency itself. OIT will be exploring the feasibility of a statewide disaster recovery initiative in the future, but neither funding nor a time line has been established.

In an effort to provide financial assistance to agencies, OIT applied for a grant from Homeland Security to obtain DR/BCP software for use by agencies in their implementation process. This fiscal year, OIT secured federal funding for an enterprise disaster recovery/business continuity planning software system that enables participating agencies to develop their own DR/BCP. Our Chief Information Security Officer has provided resources for this software to be hosted within the Division of Administration (DOA) and shared by a number of agencies. Your agency should contact Mr. Mike Gusky, our Chief Information Security Officer to request participation in this initiative. The contact information for Mr. Gusky is:

Mike Gusky
225.219.9475
mike.gusky@la.gov

After using this software to develop the disaster recovery/business continuity plan, the agency can then competitively select a contractor to provide off-site computing facilities/services that would be used if the agency's IT capabilities were off-line due to the disaster. It is the agency's responsibility to fund and contract for the implementation of the disaster recovery plan.

Mr. Jack Guinn
Page 2
June 22, 2004

In regard to your budget request, OIT does not make the final decision on what is to be funded or not funded. By statute, OIT does provide support and technical assistance to the Office of Planning and Budget (OPB) on requests submitted during the budget process. Questions by your office as to why the request was not funded should be submitted to the Office of Planning and Budget.

Please let me know if additional information is needed.

Sincerely,



Dr. Allen L. Doescher
Deputy CIO
Division of Administration
Office of Information Technology

ALD/mhp

c: Melanie Amrhein, Assistant Executive Director
Terry Tuminello, IT Director
Mike Gusky, CISO

Exhibit B

**The Louisiana Office of Student Financial Assistance's
Action Plan to**

Develop and Test a Disaster Recovery/Business Continuity Plan (DR/BCP)

- Contact Person:** Mr. Terry Tuminello, Director, Information Technology Division
Telephone 225-922-1039
- Action Taken:** Based on advice from the Office of Information Technology, this agency has initiated negotiations with CIBER, Inc. for a contract to develop a DR/BCP. We expect to award the contract no later than September 1, 2004, with the DR/BCP scheduled for delivery on or about December 1, 2004.
- Action Planned:** Upon delivery of the plan, we will seek a funding appropriation and proceed to competitively select a contractor who can provide an off-site computing facility. Finally, the business continuity plan will be periodically tested, evaluated and updated, as appropriate.
- Anticipated
Completion Date:** The DR/BCP cannot be tested/implemented until funding is appropriated and an off-site facility contracted. Assuming funds are not appropriated until fiscal year 2005-06, the plan could not be tested/implemented until the first quarter of that year.