

UNIVERSITY OF LOUISIANA AT LAFAYETTE  
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED MAY 10, 2021

**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**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

University of Louisiana at Lafayette



May 2021

*Audit Control # 80200066*

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## Introduction

As a part of our audit of the University of Louisiana System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, we performed procedures at the University of Louisiana at Lafayette (UL Lafayette) to provide assurances on financial information that was significant to the System’s financial statements; evaluate the effectiveness of UL Lafayette’s internal controls over financial reporting and compliance; and determine whether UL Lafayette complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

## Results of Our Procedures

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the UL Lafayette management letter dated December 23, 2019. We determined that management has resolved the prior-year finding related to Failure to Report Misappropriations. The prior-year finding related to Inappropriate System Access has not been resolved and is addressed again in this letter.

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### Current-year Findings

#### Inappropriate System Access

For the second consecutive year, UL Lafayette failed to timely terminate employee access to Banner. Inappropriate system access increases the risk of errors, fraud, and noncompliance with laws and regulations. Audit procedures on access to the Banner system as of May 14, 2020, revealed 68 former employees who still had modify access to the system. These users’ access remained active between two days and 1.8 years after the employee separated from employment, with 44 remaining active longer than six months after the employee was no longer employed.

UL Lafayette management represented this situation occurred due to its practice of not immediately changing employment status for some employees. Management should ensure the timely removal of employee access to the Banner system immediately upon separation.

Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

### **Control Weakness and Noncompliance over Return of Title IV Funds**

UL Lafayette did not have adequate controls in place to ensure that return of Title IV funds was accurately calculated and returned to the U.S. Department of Education (USDOE) as required by federal regulations.

In a sample of 25 students who were evaluated for return of funds, seventeen (68%) students had an incorrect withdrawal date used in the calculation for return of Title IV funds. The incorrect dates caused UL Lafayette to fail to remove \$2,945 of Direct Loan funds from the students' accounts and return those funds to the USDOE for students enrolled in the fall 2019 semester. UL Lafayette would have been required to return an additional \$3,203, but a waiver provided by the USDOE, as allowed by the CARES Act, exempts UL Lafayette from having to return the funds for the spring 2020 semester.

Additionally, for one of the 17 students included above, UL Lafayette did not update the Pell award for a change in enrollment status. This resulted in an over award to the student of \$544.

UL Lafayette did not have adequate procedures in place to identify the correct withdrawal date for all students. Additionally, UL Lafayette did not identify a student who failed to start the second term classes of a split-term semester before withdrawing from the university and therefore required an adjustment to the student's Pell award.

Management should strengthen controls to ensure that all return of funds calculations are performed accurately and in compliance with federal regulations. Additionally, management should identify students with incorrect withdrawal dates, recalculate the return of Title IV amounts and return any additional funds to the USDOE. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2).

### **Changes in Enrollment Status Not Reported**

UL Lafayette did not report changes in enrollment status to the National Student Loan Data System (NSLDS), as required by federal regulations, for students who received Student Financial Aid funds and unofficially withdrew from the university or had a change of enrollment status due to registering for but never attending a class. Failure to report changes in enrollment status could impact the student's financial aid eligibility and result in noncompliance with federal regulations.

Normally, at the end of a semester, the Financial Aid Office reviews students with a GPA of 0 or who receive a grade of "FN" – *never attended* to identify students who unofficially withdrew or dropped below half-time enrollment. The Financial Aid Office manually updates students' status in NSLDS. However, for fiscal year 2020, UL Lafayette did not report these status changes to NSLDS.

Management should strengthen controls to ensure all changes in enrollment status are reported to the NSLDS, as required by federal regulations. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 3).

### **Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security**

UL Lafayette did not have a formal documented risk assessment or related safeguards that address the following minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information:

- Employee training and management;
- Information systems including network and software design, as well as information processing, storage, transmission, and disposal; and
- Detecting, preventing and responding to attacks, intrusions, or other systems failures.

UL Lafayette has information technology policies and practices that require employee training, information technology security policies and procedures, a documented disaster recovery plan, and password policy, but have not performed a formal documented risk assessment including safeguards to address identified risk as required by federal regulations. As a result, there is an increased risk for unauthorized disclosure, misuse, alteration, destruction or other compromise of student information.

Management should develop, implement, and maintain information security programs that include a formal documented risk assessment of relevant areas of operation, and design and implement safeguards to control the risks identified in regards to student information. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 4).

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## **Financial Statements - University of Louisiana System**

As a part of our audit of the System's financial statements for the year ended June 30, 2020, we considered UL Lafayette's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

### **Statement of Net Position**

**Assets** - Cash and Cash Equivalents, Investments, Due from State Treasury, and Capital Assets

**Net Position** - Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

### **Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** - Student Tuition and Fees net of Scholarship Allowances, Federal Grants and Contracts, State and Local Grants and Contracts, Nongovernmental Grants and Contracts, Auxiliary Revenues, State Appropriations, and Federal Nonoperating Revenues

**Expenses** - Educational and General, and Auxiliary Enterprise

Based on the results of these procedures on the financial statements, we reported a finding related to Inappropriate System Access, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, were materially correct.

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### **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2020, 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 UL Lafayette's major federal programs, as follows:

- Student Financial Assistance Cluster
- Higher Education Emergency Relief Fund (CFDA 84.425)

Those tests included evaluating the effectiveness of UL Lafayette's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether UL Lafayette complied with applicable program requirements. In addition, we performed procedures on information submitted by UL Lafayette 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), as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we reported findings related to Control Weakness and Noncompliance over Return of Title IV Funds, Changes in Enrollment Status Not Reported, and Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security. These findings will also be included in the Single Audit for the year ended June 30, 2020. In addition, UL Lafayette's information submitted for the preparation of the state's SEFA is materially correct.

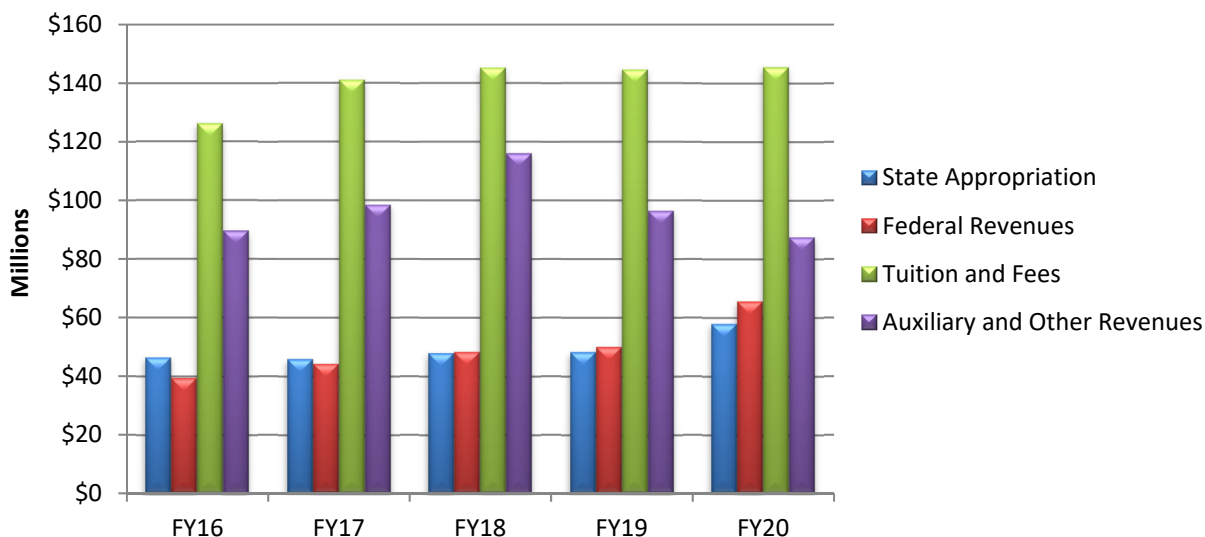
## Trend Analysis

We compared the most current and prior-year financial activity using UL Lafayette's Annual Fiscal Reports and/or system-generated reports and obtained explanations from UL Lafayette's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the past five fiscal years, as shown in Exhibits 1 and 2.

In analyzing the financial trend of UL Lafayette over the past five fiscal years, tuition and fee revenues have increased because of the increases in tuition permitted by the GRAD Act and House Bill 152 of the 2015 Regular Session of the Louisiana Legislature but have leveled off since fiscal year 2017. Auxiliary and other revenue fluctuations are due to bond activity; grants and gifts for capital projects and athletics; new permanent endowments and fluctuations in realized and unrealized gain/loss on endowment funds; increased dormitory and meal rates; and changes in research grants with private industry. In addition, auxiliary and other revenue decreased in fiscal year 2020 due to impacts of COVID 19 and campus closures. State Appropriations and Federal Revenues increased from prior year due to additional funding provided by the CARES Act.

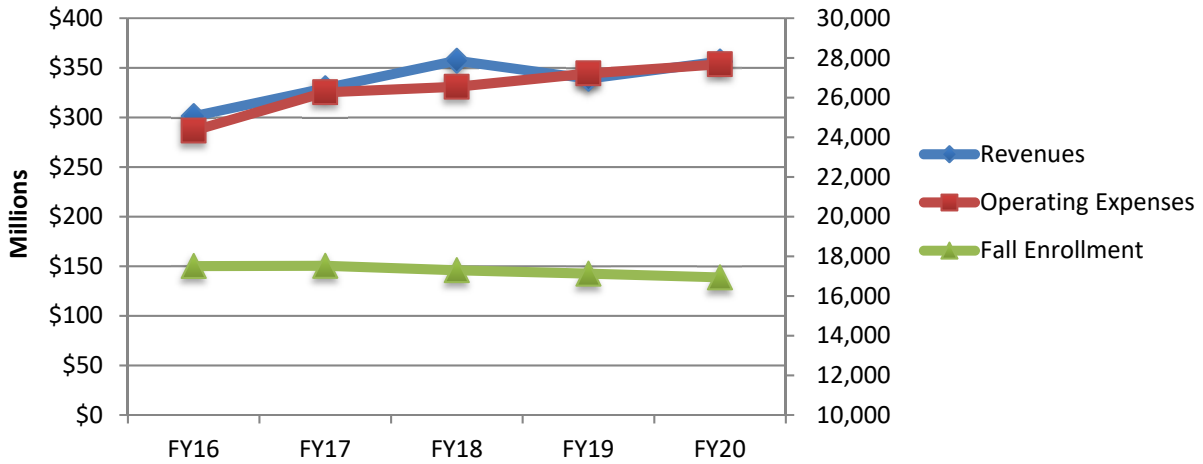
Operating expenses have increased since 2016 due to increases in pension expense recognized, salaries and employee benefits for tuition exemptions, scholarships and fellowships, chairs and professorships discretionary expenses, and Banner support costs.

**Exhibit 1**  
**Five-Year Revenue Trend**



**Source:** Fiscal Years 2016-2020 System Audit Reports/UL Lafayette Annual Fiscal Reports, as adjusted

**Exhibit 2  
Fiscal/Enrollment Trends**



**Source:** Fiscal Years 2016-2020 System Audit Reports/UL Lafayette Annual Fiscal Reports, as adjusted

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of UL Lafayette. The nature of the recommendations, their implementation costs, and their potential impact on the operations of UL Lafayette should be considered in reaching decisions on courses of action. The findings related to UL Lafayette’s 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

RE:RJM:BH:EFS:aa

ULLAFAYETTE2020



## **APPENDIX A: MANAGEMENT'S RESPONSES**





February 17, 2021

Rebecca Marcantel, CPA  
Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Ms. Marcantel:

Please find below our management response to the audit finding of “Inappropriate System Access.”

### **Inappropriate System Access**

For the second consecutive year, UL Lafayette failed to timely terminate employee access to Banner. Inappropriate system access increases the risk of errors, fraud, and non-compliance with laws and regulations. Audit procedures on access to the Banner system as of May 14, 2020 revealed sixty-eight terminated employees that had modify access to the system. These users’ access remained active between 2 days and 1.8 years after the employee was terminated. Management should ensure the timely removal of access to the Banner system for terminated employees.

### **Response**

We concur with the finding. This situation occurred because, under our prior business process, employee access was terminated only when an individual completely separated from the University. This process allowed employees whose jobs had changed or terminated to retain access associated with their prior position. This included employees who had intermittent breaks in service, such as between semesters for student workers and adjunct faculty. Out of the 68 exceptions cited, 65 were in this category. Most temporary employees, 57 on this list, are not granted Banner Finance access. For those that are, there are mitigating controls in place over transactions that reduce the risk that errors and fraud may cause the financial report to be materially misstated.

### **Corrective Action**

While we believe there was little risk from our practice, we have modified our workflows as follows:

- Removal of Banner access upon termination of the position supporting the specific access.
- All systems access, including Banner access is terminated when an individual no longer has an active job record on NBAJOBS.
- An automated report is generated and reviewed daily by IT Security to determine whose access is to be terminated.

Best Regards,

*Paul D. Thomas, SPHR*  
*Associate Vice President for Administration and Finance and*  
*Chief Human Resources Officer*



April 19, 2021

*Université des Acadiens*

Mr. Thomas Cole, CPA  
Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Cole:

Please find below our management response to the FY 2019-2020 audit finding of "Control Weaknesses and Noncompliance over Return of Title IV Funds".

The University concurs with the finding.

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

Cindy Perez, Executive Director of Student Aid & Scholarships is responsible to verify the implementation of action plan.

The Financial Aid Office along with the Registrar's Office has developed a management plan to prevent this finding from reoccurring. The plan is as follows:

- Registrar's Office will use the date the student initiated the resignation on the SFAWDRL screen rather than the date the resignation was processed.
- Financial aid now has access to update the SFAWDRL screen to make any necessary adjustments based on sufficient documentation submitted by the student or instructor.

Sincerely,

Cindy S. Perez  
Financial Aid Director

E. Joseph Savoie  
President



April 19, 2021

Mr. Thomas Cole, CPA  
Temporary Louisiana Legislative Auditor  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Cole:

Please find below our management response to the FY 2019-2020 audit finding of "Control Weakness over Enrollment Reporting".

The University concurs with the finding.

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

Cindy Perez, Executive Director of Student Aid & Scholarships is responsible to verify the implementation of action plan.

The Financial Aid Office will be working with the Registrar's Office to create a process that will prevent this from happening in the future. The plan is as follows:

- A report will be generated at the end of each term, of all students who received FN and/or FS grades. The report will be reviewed and students will be updated in NSLDS accordingly.

Sincerely,

Cindy S. Perez  
Financial Aid Director

E. Joseph Savoie  
President



March 29, 2021

*Université des Acadiens*

Mr. Thomas H. Cole, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

Dear Mr. Cole,

In response to University of Louisiana at Lafayette's audit finding, Noncompliance with Gramm-Leach Bliley Act (GLBA) Regarding Student Information Security, the University concurs with this finding and notes the following,

As noted in the management letter, UL Lafayette does have policies, practices, and procedures in place for employee cybersecurity training, ensuring the security of information systems, and responding to cyberthreats. We agree with the Louisiana Legislative Auditor that there can be no assurance that these safeguards are sufficient without a thorough formal GLBA risk assessment being conducted.

UL Lafayette is taking the following corrective actions to address this finding:

Phase 1. A formal documented risk assessment, conducted by an external independent firm, will address the requirements of the Gramm-Leach Bliley Act standards for safeguarding student information. The risk assessment will cover three areas required by Gramm-Leach Bliley Act, as noted in the management letter: (1) employee training and management; (2) information systems; and (3) detecting, preventing and responding to attacks, intrusions, or other system failures. This phase of corrective action is already underway and is anticipated to be completed by July 31, 2021. Contract for this service is already in progress.

Phase 2. Once the risk assessment is completed, UL Lafayette will go over the recommendations in the report, item-by-item, to address every risk identified. The safeguards that we implement will manage the risks to security, confidentiality, integrity, and accountability of student information. This phase of the corrective action is expected to be completed by December 15, 2021, when all items of concern identified in the risk assessment will have been addressed.

Cindy Shows-Perez, Executive Director of Financial Aid, will serve as the contact person and is responsible for the corrective actions as the Primary Data Steward and GLBA compliance lead.

Charles Broome, IT Security Officer will oversee technical control remediation with internal and contracted IT service organizations. GLBA [IT Technical] compliance reports sent monthly to assigned GLBA compliance officer and/or committee.

Sincerely

Charles Broome  
IT Security Officer

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the University of Louisiana at Lafayette (UL Lafayette) for the period from July 1, 2019, through June 30, 2020, to provide assurances on financial information significant to the University of Louisiana System (System), 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, were a part of the audit of the System's financial statements and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2020.

- We evaluated UL Lafayette'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 UL Lafayette.
- Based on the documentation of UL Lafayette's 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 System's financial statements.
- We performed procedures on the Student Financial Assistance Cluster and Higher Education Emergency Relief Fund (CFDA 84.425) for the year ended June 30, 2020, as a part of the 2020 Single Audit
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We compared the most current and prior-year financial activity using UL Lafayette's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from UL Lafayette's management for significant variances.

The purpose of this report is solely to describe the scope of our work at UL Lafayette, and not to provide an opinion on the effectiveness of UL Lafayette'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 purposes.

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