

MCNEESE STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED MAY 12, 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

McNeese State University



May 2021

*Audit Control # 80200067*

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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 McNeese State University (McNeese) to provide assurances on financial information that was significant to the System’s financial statements; evaluate the effectiveness of McNeese’s internal controls over financial reporting and compliance; and determine whether McNeese complied with applicable laws and regulations. We also performed procedures for the period July 1, 2018, through June 30, 2019, to evaluate certain internal controls McNeese uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

## Results of Our Procedures

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### Current-year Finding

#### Lack of Information Technology Policies and Procedures

McNeese does not have adequate policies and procedures and controls over certain information technology (IT) security and processes. This could result in erroneous or fraudulent changes to information systems that support McNeese’s financial statements and compliance with laws, regulations, contracts, or grant agreements.

The following issues were identified based on management’s responses to inquiries regarding general control objectives:

McNeese does not have established written policies addressing IT governance, data classification, identity and access management, change management, network security, encryption, or remote access. McNeese does not have procedures established to independently monitor all sensitive user access or changes made by the database administrator. In addition, the employee who programs a change to an application or database has the ability to move the changes to production without an independent review or approval.

Management should develop written policies and procedures over information technology and a process to monitor the policies and procedures developed to reduce risk to an acceptable level. In

addition, management should segregate duties to ensure application or database changes are reviewed and approved by an employee, other than the employee making the change, before changes are put in production. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

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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 McNeese'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

**Liabilities** - Bonds Payable

**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, 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 Lack of Information Technology Policies and Procedures, as described previously. In addition, the account balances and classes of transactions tested were materially correct.

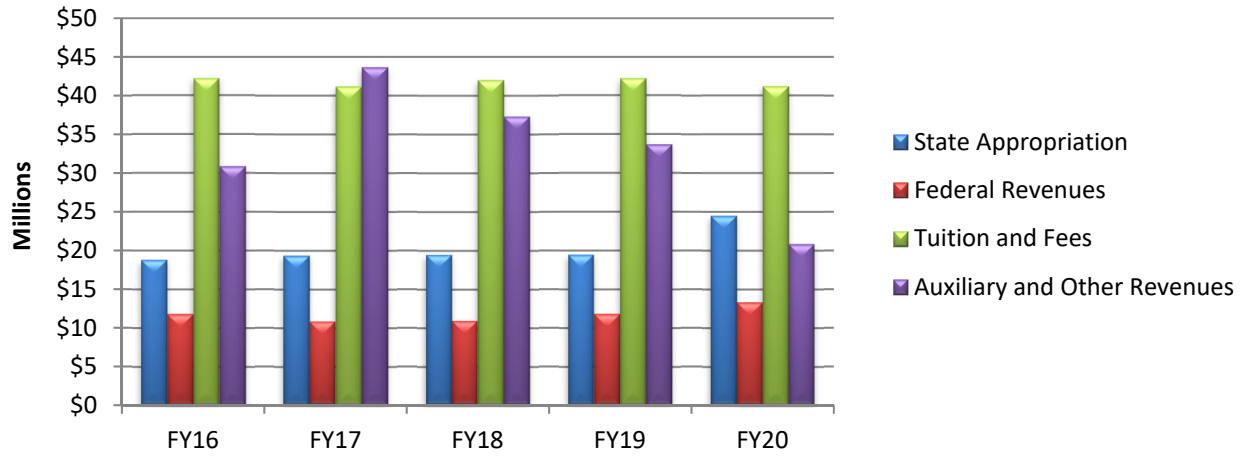
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## **Trend Analysis**

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

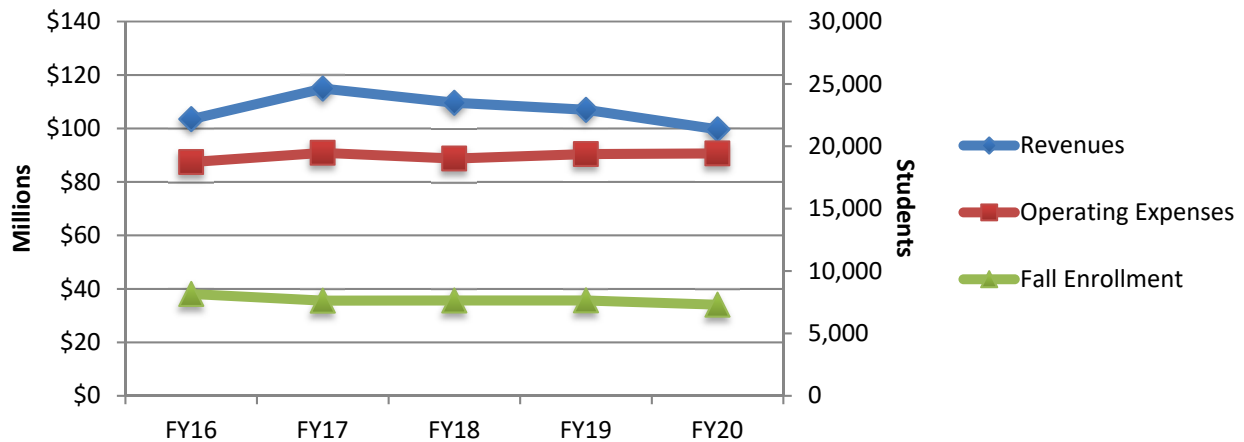
In analyzing the financial trends of McNeese over the past five fiscal years, tuition and fees, federal revenues, and operating expenses have remained fairly consistent. State appropriations increased in the current year due to Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Auxiliary and other revenues fluctuations are mainly due to changes in appropriations for construction, building repairs, and land improvements. In addition, there was a decrease for the current year due to reduced use of the bookstore and housing and cancelation of athletic events in the spring, all as a result of COVID-19 restrictions. Enrollment has remained fairly consistent with a slight decrease in the current year.

**Exhibit 1**  
**Five-Year Revenue Trend, by Fiscal Year (FY)**



Source: FY 2020 Working Trial Balance/FY 2016 - 2019 ULS Audit Reports/Agency Reports

**Exhibit 2**  
**Fiscal/Enrollment Trends**



Source: FY 2020 Working Trial Balance/FY 2016 - 2019 ULS Audit Reports/Agency Reports

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of McNeese. The nature of the recommendation, its implementation costs, and its potential impact on the operations of McNeese should be considered in reaching decisions on courses of action.

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

JKB:RJM:BH:EFS:aa

MSU 2020

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







Mr. Thomas H. Cole, CPA CGMA  
Temporary Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

April 20, 2021

**RE: Lack of Information Technology Policies and Procedures**

**University Response and Corrective Action Plan:**

McNeese State University concurs with the above referenced finding.

On April 6, 2021, the University's Senior Staff reviewed and approved the following policies, and they are now official McNeese State University policies:

- Acceptable Encryption Policy
- Remote Access Policy

McNeese's Chief Information Technology Officer is now developing policies and procedures relating to IT governance, data classification, identity and access management, change management, and network security. These policies will include appropriate segregation of duties to provide for independent monitoring and approval of user access changes and for program changes prior to movement to production. Once these remaining policies and procedures are finalized, they will be reviewed and approved by the University's Senior Staff and will then become official University policies.

Sincerely,

Eddie P. Meche, CPA  
Vice President for Business Affairs

cc: Dr. Daryl V. Burckel, President  
Chad Thibodeaux, Chief Information and Technology Officer



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at McNeese State University (McNeese) 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.

In addition, we conducted certain procedures at McNeese for the period from July 1, 2018, through June 30, 2019. Our objective was to evaluate certain controls McNeese uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. 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.

- We evaluated McNeese'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 McNeese.
- Based on the documentation of McNeese'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 compared the most current and prior-year financial activity using McNeese's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from McNeese's management for significant variances.

The purpose of this report is solely to describe the scope of our work at McNeese, and not to provide an opinion on the effectiveness of McNeese'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 McNeese's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. McNeese's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.