

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
MARCH 15, 2021

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

TEMPORARY LEGISLATIVE AUDITOR
THOMAS H. COLE, CPA, CGMA

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

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 is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.25. 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 website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3495 or Report ID No. 80200082 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 Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor



University of Louisiana at Monroe

March 2021

Audit Control # 80200082

Introduction

As a part of our audit of the University of Louisiana (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 Monroe (ULM) to provide assurances on financial information that was significant to the System's financial statements; evaluate the effectiveness of ULM's internal controls over financial reporting and compliance; and determine whether ULM 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 ULM 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 actions to correct the finding reported in the prior report.

Results of Our Procedures

Follow-up on Prior-report Finding

Our auditors reviewed the status of the prior-report finding reported in the ULM management letter dated November 21, 2018. We determined that management has resolved the prior-report finding related to Employees' Time Worked Not Approved by Supervisors.

Current-year Finding

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

ULM 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.

ULM has information technology policies and practices that require employee training, Banner system policies and procedures, a documented disaster recovery plan, and password policy, but has 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 student 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).

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 ULM'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 and Due from State Treasury

Net Position – Net Investment in Capital Assets, Restricted–Nonexpendable, Restricted–Expendable, 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 Enterprises

The account balances and classes of transactions tested were materially correct.

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 ULM's Student Financial Assistance Cluster program.

Those tests included evaluating the effectiveness of ULM’s internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether ULM complied with applicable program requirements. In addition, we performed procedures on information submitted by ULM 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.

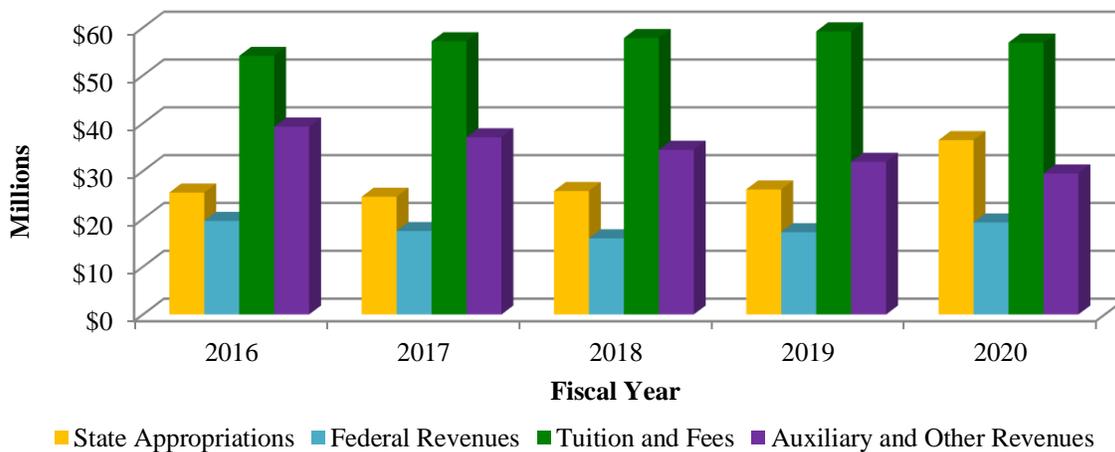
Based on the results of these Single Audit procedures, we reported a finding related to Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security. This finding will also be included in the Single Audit for the year ended June 30, 2020. In addition, ULM’s information submitted for the preparation of the state’s SEFA, as adjusted, was materially correct.

Trend Analysis

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

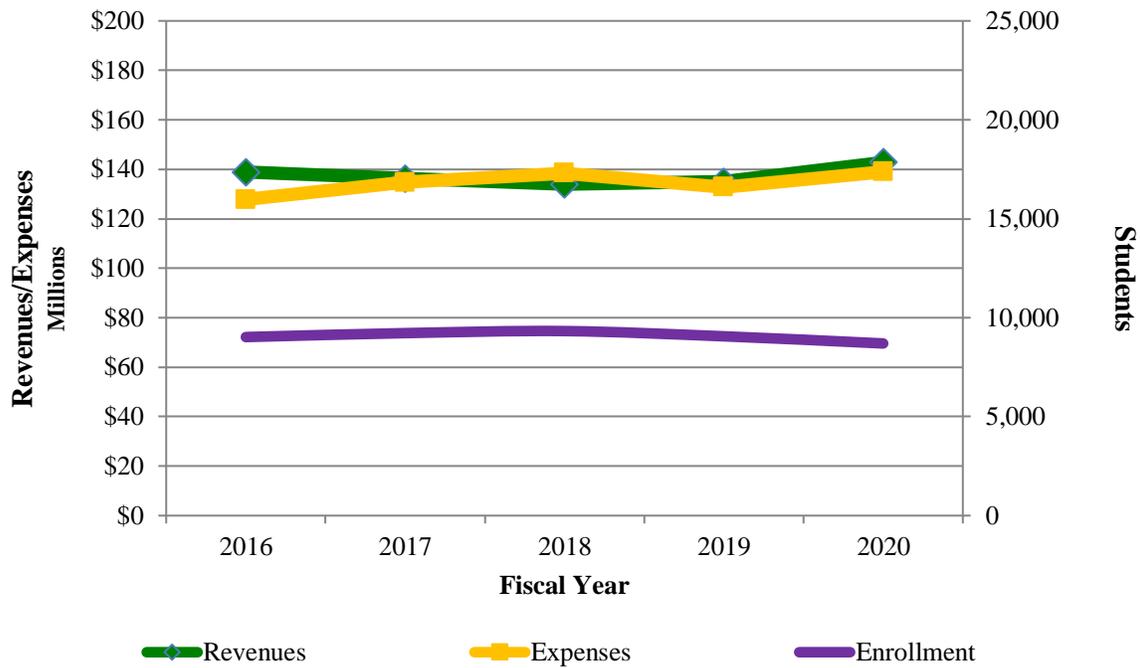
In analyzing financial trends over the past five fiscal years, total revenues have been in line with total expenses. Enrollment had been stable until a decline in fiscal year (FY) 2019, due in part to a decrease in dual enrollment students when the Board of Regents increased minimum eligibility requirements in Fall 2018. In FY 2020, state appropriations significantly increased due to approximately \$5.1 million in state Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds awarded to the university as a result of the COVID-19 pandemic; and approximately \$5.1 million more in appropriated funds received by ULM. ULM also received approximately \$3.1 million in Education Stabilization Fund federal program monies under the CARES Act in FY 2020.

Exhibit 1: Five Year Revenue Trend



Source: Fiscal Year 2016-2020 University of Louisiana System Reports

**Exhibit 2
Fiscal/Enrollment Trend Analysis**



Source: Fiscal Year 2016-2020 University of Louisiana System Reports and Board of Regents data for enrollment

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of ULM. The nature of the recommendation, its implementation costs, and its potential impact on the operations of ULM should be considered in reaching decisions on courses of action. The finding relates to ULM’s compliance with applicable laws and regulations and 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,

Thomas H. Cole, CPA, CGMA
Temporary Legislative Auditor

KVL:BAC:BH:EFS:aa

ULM2020

APPENDIX A: MANAGEMENT'S RESPONSE



Office of Information Services & Student Success

Sandel Hall 300 | 700 University Avenue
| Monroe, LA 71209-3200 P 318.342.1070

February 12, 2021

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

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

As noted in the management letter, ULM 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 risk assessment being conducted.

ULM 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 the 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 systems failures. This phase of the corrective action is already underway and is expected to be completed by May 31, 2021, when ULM will receive the final risk assessment report.

Phase 2. Once the risk assessment is complete, ULM will go over the recommendations in the report, item-by-item, to address every risk identified. The safeguards that we will implement will control the risks to security, confidentiality, and integrity 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.

Mr. Chance Eppinette, ULM Director of Information Technology, will serve as the contact person and is responsible for the corrective actions.

Sincerely,

Michael Camille, Ph.D.

Vice President for Information Services and Student Success

ROB
2/12/2021

#TAKEFLIGHT

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the University of Louisiana at Monroe (ULM) 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 ULM for the period from July 1, 2018, through June 30, 2019. Our objective was to evaluate certain controls ULM's 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 ULM'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 ULM.
- Based on the documentation of ULM'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 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 ULM's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from ULM's management for significant variances.

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