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Report Highlights

Louisiana Board of Regents for Higher Education

Audit Control # 80160196
Financial Audit Services • July 2017

Why We Conducted This Audit

We conducted procedures at the Louisiana Board of Regents for Higher Education (BOR) as part of our audit of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016, and to evaluate certain controls that BOR uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds for the period July 1, 2015, through June 30, 2017.

What We Found

- BOR did not adequately monitor subrecipients of federal Research and Development (R&D) Cluster programs. BOR did not have controls in place to ensure that required audits were completed within nine months of the end of the subrecipient's audit period; that a management decision on audit findings was issued within six months after receipt of the subrecipient's audit report; the subrecipient took timely and appropriate corrective action on all audit findings; or a certification from the subrecipient was obtained indicating that an audit was not required. In addition, BOR did not ensure that subawards included all required information per federal regulations nor did they adequately evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate monitoring related to the subaward.
- BOR did not have adequate controls in place to ensure manual time sheets were correctly entered into the LaGov system; manual leave slips entered were obtained and maintained within the payroll files; employees' time sheets were certified and approved before the payroll processing date; and that the overall payroll documentation prepared by the primary time administrator for each pay period was reviewed by the secondary time administrator in accordance with BOR policy.
- BOR did not have an adequate internal audit function to examine, evaluate, and report on its internal control and to evaluate compliance with the policies and procedures that are necessary to maintain adequate controls. In addition, BOR did not comply with Louisiana Revised Statute 17:3138.6 that requires BOR to establish an internal audit function that adheres to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
- The Office of Finance and Support Services (OFSS) personnel did not follow prescribed controls over compliance with the cash management requirements of R&D Cluster programs for BOR awards. For six (15%) of 40 R&D Cluster expense transactions tested for cash management, the related drawdown request for reimbursement did not contain a reconciliation to ensure the accurate amount was being requested.

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Louisiana Board of Regents for Higher Education

What We Found (Cont.)

- BOR did not have adequate controls in place to ensure it was in compliance with the State of Louisiana Corporate Liability “LaCarte” Purchasing Card Policy regarding employee certifications, cardholder/approver/program administrator agreement forms, and approvals for food purchases.
- OFSS submitted an inaccurate Schedule of Expenditures of Federal Awards for BOR to the Office of Statewide Reporting and Accounting Policy for inclusion in the state’s 2016 Single Audit report by excluding approximately \$213,000 of indirect cost expenditures.

Pursuant to Act 314 of the 2016 Legislative Session, the Louisiana Office of Student Assistance (LOSFA) and the Louisiana Universities Marine Consortium (LUMCON) were consolidated into programs of BOR. We compared the fiscal year 2016 and fiscal year 2017 budgets provided by BOR in order to show the increase in total funding sources due to the merging of LOSFA and LUMCON into programs of BOR. We prepared a comparison of revenue funding sources, as shown in Exhibits 1 and 2. BOR’s largest increase with the merger occurred in general fund revenue for fiscal year 2017, which was mainly the result of the Taylor Opportunity Program for Students (TOPS) program associated with LOSFA.

Exhibit 1: Budgeted Revenues for Funding Source for Fiscal Year 2016
Total: \$79,965,952

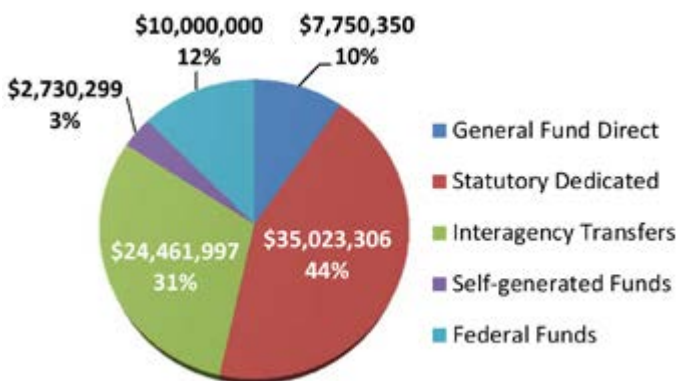
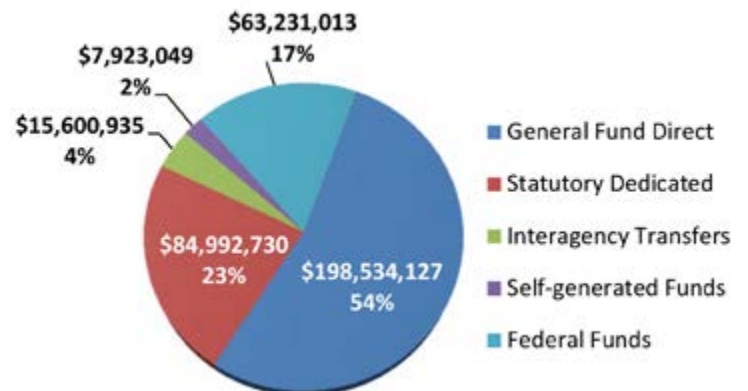


Exhibit 2: Budgeted Revenues for Funding Source for Fiscal Year 2017
Total: \$370,281,854



Source: BOR website - BOR-1 Summary