

GRAMBLING STATE UNIVERSITY



INVESTIGATIVE AUDIT
ISSUED OCTOBER 25, 2017

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 25, 2017

RICHARD J. GALLOT, JR., PRESIDENT
GRAMBLING STATE UNIVERSITY
Grambling, Louisiana

We have audited certain transactions of Grambling State University. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the validity of complaints we received.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

The accompanying report presents our findings and recommendations, as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the 3rd Judicial District of Louisiana, the U.S. Attorney for the Western District of Louisiana, and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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GSU 2017

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EXECUTIVE SUMMARY

Funds Improperly Posted To Student Accounts

Three former Grambling State University (GSU) cashiers improperly increased the GFlex Account balances of 35 students, including the GFlex Accounts of two of the former cashiers, by an aggregate of \$164,442. Since the former GSU cashiers used public funds for the personal benefit of themselves and others to which they were not entitled, their actions may violate state and federal laws.

Tiger1 Student Accounts Not Reconciled

The Blackboard software used to maintain Tiger1 Card account balances and GSU's accounting system (Banner) were not reconciled during the five years, seven months of transactions we reviewed.

System Controls Circumvented by Former GSU Cashiers

Ms. Yvette Robinson, Ms. Chastity Livingston, and a former student worker used cashier numbers and PINs assigned to other employees to post transactions to student accounts.

Advances of Financial Aid to Students Using Public Funds

From 2013 to 2017, GSU used public funds to advance funds to students who receive student financial aid up to 88 days before GSU received student financial aid from the federal government and other sources. GSU's practice of advancing public funds this far in advance of financial aid being received could result in the use of financial aid for non-academic purposes and may violate the state constitution.

ARAMARK Provided Free Meals to Select GSU Employees

ARAMARK provided at least \$12,682 in free meals to select GSU employees from August 29, 2016, through May 5, 2017, which may violate state law.

Failure to Act on Improper Purchase with False Student Identification Card

Members of GSU's senior administration received a police report alleging theft and improper use of a student's identification card. GSU used public funds to reimburse the student whose money was stolen, but GSU did not pursue restitution, which may violate the state's constitution.

BACKGROUND AND METHODOLOGY

Grambling State University (GSU) is a publicly-supported institution of higher education located in Grambling, Louisiana. GSU is a component unit of the State of Louisiana within the executive branch of government. GSU is under the management and supervision of the University of Louisiana Systems Board of Supervisors; however, its annual budget, changes to degree programs, department of instruction, et cetera, require the approval of the Board of Regents for Higher Education. As a state university, GSU's operations are funded through annual appropriations made by the Louisiana Legislature. GSU offers multiple bachelor and masters' degrees and a doctorate in developmental education. Enrollment at GSU is approximately 4,800 students during the fall and spring semesters and approximately 2,000 during the summer semesters. GSU has approximately 500 full-time faculty and staff members.

Many GSU students receive financial aid for tuition and related expenses in the form of federal government grants and loans (collectively referred to as "federal student aid"). To apply for federal student aid, prospective and current GSU students complete the Free Application for Federal Student Aid (FAFSA) form online and submit it to the U.S. Department of Education's Office of Federal Student Aid (FSA). FSA then shares this information and eligibility requirements with GSU so GSU can determine the amount of federal student aid for which a student qualifies. GSU next sends an aid offer – which GSU calls an "award letter" – informing the student of the amount of aid for which he or she is eligible. According to FSA, the timing of an aid offer varies from school to school and may be as early as springtime (awarding for the fall) or as late as the school start date, depending on when application is made and how the school prefers to schedule aid awards.

Upon enrollment, each GSU student receives a Tiger1 Card. The Tiger1 Card, which is managed by GSU employees using Blackboard software, serves as the student's campus identification card. It is used to access buildings and athletic events and check out library books. The Tiger1 Card can also be linked to three different accounts that a GSU student may have:

- (1) Meal Plan/Tiger Bucks Account (used in conjunction with a campus dining plan);
- (2) GFlex Account (contains discretionary funds that a student may use to buy books, supplies, snacks, and other things not covered under the campus dining plan and to make purchases at select off-campus merchants); and a
- (3) Bookstore Account (allows students to purchase books from campus bookstore, but is valid only during registration, and any unused funds are returned to the student's tuition account at the end of registration).

After FSA notifies GSU of a student's federal student aid amount, GSU calculates and subtracts the student's tuition, fees, and, if applicable, meals and housing. At that time – and before GSU receives any federal aid on the student's behalf – GSU deposits up to \$1,500 of the remaining balance into the student's Bookstore Account and, if requested by the student, also

deposits up to \$1,500 into the student's GFlex Account. In addition, a student may deposit funds from sources other than student aid into his or her GFlex Account.

For the period we audited, when a student requested GSU to deposit money into the student's GFlex Account, an entry was to be made in GSU's accounting system (Banner), reducing the remaining balance in the student's available federal student aid by the amount placed on the Tiger1 Card. A corresponding entry was to be made in the Tiger1 Card system (Blackboard), increasing the student's balance on his or her GFlex account by the same amount. Once the Banner and Blackboard transactions were made, a student could use his or her Tiger1 Card to purchase books and use GFlex funds. During fieldwork, we determined that this procedure was not being followed in many cases.

The Louisiana Legislative Auditor (LLA) received notification from GSU President Richard J. Gallot, Jr. that public funds may have been misappropriated through GFlex Accounts during previous administrations. This audit was initiated to determine the validity of the complaint. The procedures performed during this audit included:

- (1) Interviewing certain GSU employees and other persons, as appropriate;
- (2) Examining selected GSU documents and records;
- (3) Gathering and examining external parties' documents and records; and
- (4) Reviewing applicable laws and regulations.

FINDINGS AND RECOMMENDATIONS

Funds Improperly Posted To Student Accounts

Three former GSU cashiers improperly increased the GFlex Account balances of 35 students, including the GFlex Accounts of two of the former cashiers, by an aggregate of \$164,442. Since the former GSU cashiers used public funds for the personal benefit of themselves and others to which they were not entitled, their actions may violate state and federal laws.^{1,2,3,4,5,6}

A GSU student receiving student financial aid may choose to have up to \$1,500 of his or her aid deposited into their GFlex Account. Once a deposit has been made, a student may use the GFlex Account to buy books, supplies, snacks, and other things not covered under the campus dining plan and to make purchases at select off-campus merchants. It is linked to the student's university identification card, the Tiger1 Card, which has a magnetic stripe on its reverse side like those found on a debit card. GSU essentially fills the role of a banking institution when a student uses his or her Tiger1 Card and pays a vendor in an arrangement similar to a traditional bank debit card.

On February 9, 2017, GSU President Gallot notified the Legislative Auditor that GSU's internal auditors had uncovered a \$117,752 misappropriation by two former GSU employees. The internal audit report disclosed that two cashiers increased the balances in 11 GFlex^A Accounts, including their own, without making corresponding deposits.

We expanded on the internal auditors' work by investigating all GFlex Account discrepancies of \$500 or more per student/employee. In doing so, we discovered 24 more GFlex Accounts containing an additional \$46,690 of improper transactions made by three GSU employees, including one GFlex Account which listed the student's name as simply “,” (the punctuation mark, comma). In each case, GFlex Account balances were increased in Blackboard without a corresponding reduction being made in the student's available federal student aid in Banner. In sum, we found that \$164,442 was added improperly to the GFlex Accounts of five GSU employees,^B 29 students and the “comma” account.

^A GFlex Accounts are accessed by students with a Tiger1 Card. The two employees were also students of GSU, and each had a student account.

^B These five employees were also students at GSU and had GFlex accounts.

The following table depicts the improper transactions posted by each cashier:

Improper Transactions by Cashier from May 9, 2011, to December 15, 2016		
Cashier Name	Number of Accounts^C	Amount Posted
Yvette Robinson	12	\$89,024
Chastity Livingston	27	58,285
LaTerral Williams	6	14,584
Ashford Perkins ^D	1	2,349
Blackboard Test (system-generated posts) ^D	1	200
Totals	35	\$164,442

Yvette Robinson, Administrative Assistant to the Vice President of Finance and Administration

Ms. Robinson stated that she improperly posted funds to her own student account, as well as the accounts of three employees and seven students that she knew neither made cash deposits nor requested student aid be transferred to their respective GFlex accounts. Her User ID was also responsible for \$800 posted to the “comma” account.

According to GSU records and Ms. Robinson, she improperly posted \$22,178 to her own account and received an additional \$550 posted by Ms. Chastity Livingston’s User ID, for a total of \$22,728 that she was not entitled to receive. Ms. Robinson further stated that she thought she was helping herself and others out of financial hardships at the time by crediting those accounts improperly and has since offered to pay restitution to GSU. A summary of Ms. Robinson’s improper transactions is displayed in the following table.

Improper Transactions Posted by Yvette Robinson	
Recipient of Improper Transactions	Amount
Jennifer Richard Hassen ^E (pages 7-9)	\$22,825
Yvette Robinson ^E	22,178
Chastity Livingston ^E (page 8)	12,009
Dennis Williams ^E (page 8)	3,390
La’Keidra Livingston (page 9)	5,461
Tiqua Livingston (page 9)	4,345
“Comma” ^F (page 9)	800
Five Other Student Accounts (page 9)	18,016
Total	\$89,024

^C The student accounts by cashier listed do not equal the number of accounts with improper transactions, since some accounts were increased by multiple cashiers.

^D Mr. Perkins and the Blackboard Test transactions occurred only on the “comma” account. See page 11 of this report for further details on the “comma” account.

^E This person was an employee and a student at the time the funds were improperly placed on the Tiger1 Card. GSU terminated this person’s employment as a result of the improper funds posted and spent using their student account.

^F None of the cashiers recognized the “comma” student account; all three cashiers we spoke with (Ms. Robinson, Ms. Chastity Livingston, and Mr. Perkins) stated they did not put improper funds on the “comma” account.

Jennifer Richard Hassen

Former GSU employee and student Jennifer Richard Hassen worked as a Financial Operations Assistant in the Finance office with Mr. Robinson and Ms. Chastity Livingston. Ms. Robinson improperly posted \$22,825 to Ms. Hassen's GFlex account (exclusive of the \$2,925 she received from Ms. Chastity Livingston, discussed on page 10). Ms. Hassen said she received a few deposits totaling \$500 for her personal benefit that she knew to be improper from Ms. Robinson. She further stated that Ms. Robinson improperly added the rest of the funds to her account so Ms. Hassen could make personal purchases for Ms. Robinson.

Ms. Robinson disagreed with Ms. Hassen's statement but did take responsibility for the \$22,825 improperly added to Ms. Hassen's student account. Ms. Robinson added that all of the improper transactions posted to Ms. Hassen's account were made at Ms. Hassen's request and not to pay for her running errands for Ms. Robinson.

Ms. Hassen claimed that she did not recall making all the purchases with her Tiger1 Card, and since her card was often deactivated when she tried to use it, someone else could have made the purchases using her account with a different card. We obtained signed transaction sale receipts for several purchases and verified with Ms. Hassen that the signature was hers. The following are examples of purchases we discussed with Ms. Hassen:

Kitishian's purchase for \$2,102

Ms. Hassen's Tiger1 Card was used to make a \$2,102 purchase at Kitishian's in Ruston, Louisiana, on December 20, 2014. Ms. Hassen stated that the sales transaction receipt contained her signature, but she did not recall making a \$2,000 purchase for her personal benefit. She further stated that Ms. Robinson made her run errands to pick up purchases for her but did not remember this particular purchase.

Ms. Chastity Livingston stated that she does not recall asking Ms. Hassen to run errands or pay for or pick up merchandise for her. Ms. Robinson stated that she improperly placed \$2,500 on Ms. Hassen's account during this time at Ms. Hassen's request and for the personal benefit of Ms. Hassen, because she was told Ms. Hassen's son needed new shoes.^G

The Hutch purchase for \$1,020

Ms. Hassen's Tiger1 Card was used to purchase a 60-inch LG television for \$1,020 at The Hutch, a furniture and appliance store in Ruston, on January 7, 2015. GSU records show Ms. Robinson improperly increased Ms. Hassen's account by \$1,500 on January 6, 2015. Ms. Hassen claimed that Ms. Robinson wanted to purchase a television but did not have a way to pick up the television. Ms. Hassen said that she went to The Hutch, paid for the television using her Tiger1 Card, and used her husband's truck to pick up and

^G Kitishian's sells clothing, shoes, accessories, and cellular phones. According to the owners of Kitishian's, December 20, 2014, was the release of the new Jordan basketball shoes; they bundled their shoes with other merchandise, and the average cost for the Jordan bundle was around \$400 to \$500.

deliver the television to Ms. Robinson. However, Ms. Robinson said she has never directed or asked Ms. Hassen to pay for or pick up a television. She also said she has owned a Ford Expedition since 2003, which is capable of transporting a television.

Ms. Hassen further claimed that when she made the purchase for Ms. Robinson, Ms. Robinson only credited enough funds to cover the cost of the television and did not put any extra funds on her Tiger1 Card to compensate her for running the errand. However, since the television cost \$1,020, Ms. Hassen appears to have received \$480 more than was needed to purchase the television.

Ace Automotive repairs totaling \$221

Ms. Hassen's Tiger1 Card paid \$221 to Ace Automotive for automotive repairs on January 13, 2015. According to Ms. Hassen, Ms. Robinson transferred funds to her account from Ms. Robinson's account to pay for automotive repairs to Ms. Robinson's vehicle. Ms. Hassen said that she paid for Ms. Robinson's automotive repairs and received "enough on there to get the car." However, GSU records show Ms. Robinson placed \$600 on Ms. Hassen's account to pay for the \$221 transaction, leaving Ms. Hassen with an additional \$379. GSU records further show the \$600 posted to Ms. Hassen's account did not come from Ms. Robinson's account, nor were there any funds deposited to cover the \$600 transaction.

Beehive purchases totaling \$698

Ms. Hassen's Tiger1 Card was used to purchase \$698 in clothing, shoes and jewelry on two separate occasions in late 2014. She agreed that she frequently shopped at the Beehive (a clothing and accessories retailer) and signed both sales transaction receipts.

Chastity Livingston

Former GSU employee (cashier) and student Chastity Livingston stated that if GSU records show that she received approximately \$12,000 from Ms. Robinson, then she will agree with the records as to the amounts she improperly received. She has offered to pay restitution.^H

Dennis Williams

Former GSU employee and student Dennis Williams said he knew about \$300 of the \$3,242 in funds improperly placed on his account by Ms. Robinson but did not know about the additional \$2,942 improperly posted to his account. GSU withheld \$3,242 from Mr. Williams' final paycheck for restitution. Ms. Robinson told us that he knew she made improper transfers to his account. GSU records show the \$3,242 posted to his account was used to make purchases.

^H Ms. Chastity Livingston received a total of \$24,608.73 in improper funds. See also pages 9 and 10 of this report for amounts she posted to her own GFlex Account.

La'Keidra Livingston

La'Keidra Livingston, GSU student and Ms. Chastity Livingston's sister, said she agreed with the total amount improperly posted to her account but was not sure how much was posted by either her sister or Ms. Robinson. She further stated that she knew that she was using funds that she was not entitled to receive and is willing to pay restitution.^I

Tiqua Livingston

Tiqua Livingston, GSU student and another of Ms. Chastity Livingston's sisters, said she agreed with the total amount improperly posted to her account but was not sure how much was posted by either her sister or Ms. Robinson. She further said that she knew she was using funds that she was not entitled to receive and is willing to pay restitution.^J

"Comma" Student Account

Ms. Robinson's cashier ID was used to post two transactions to the "comma" student account totaling \$800. Ms. Robinson said that she did not recognize the "comma" account and did not improperly post funds to the "comma" account.

Five Additional Student Accounts

Five additional students also received funds as a result of Ms. Robinson's improper transactions, in amounts ranging from \$400 to \$8,785. Ms. Robinson told us that she knew it was wrong to place money on these students' GFlex Accounts. We called four of the five students. The one we spoke to would not discuss the amounts improperly added to his account. The others did not return our phone calls. The fifth student already repaid the \$400 improper payment to GSU.

Chastity Livingston, Tiger1 Card Manager

Ms. Chastity Livingston told us that she improperly added funds to her own account, her two sisters' accounts, and two other GSU employees' accounts. According to GSU records and Ms. Chastity Livingston, she improperly posted \$12,600 to her own account that had neither a cash deposit nor reduction of financial aid. Ms. Chastity Livingston said she used her position as cashier to financially help herself, her two sisters, and her fellow coworkers (Ms. Robinson and Ms. Jennifer Richard Hassen) by improperly adding funds to student accounts and has offered to pay restitution. Her User ID was also responsible for improperly posting funds to 22 other accounts, including the "comma" account, GSU employee Cathy Douglas' account, and 20 other students' accounts. A summary of improper transactions by Ms. Chastity Livingston is displayed in the following table:

^I Ms. La'Keidra Livingston received a total of \$14,269.17 in improper funds. See also pages 10 and 11 of this report for amounts posted by her sister, Ms. Chastity Livingston, to her student account.

^J Ms. Tiqua Livingston received a total of \$12,750 in improper funds. See also pages 10 and 11 of this report for amounts posted by her sister, Ms. Chastity Livingston, to her student account.

Improper Transactions Posted by Chastity Livingston	
Recipient of Improper Transactions	Amount
Chastity Livingston ^E	\$12,600
Jennifer Richard Hassen ^E	2,925
Cathy Douglas, GSU Employee (page 10)	1,400
Yvette Robinson ^E (page 10)	550
La'Keidra Livingston (page 10)	8,808
Tiqua Livingston (page 11)	8,405
"Comma" ^F (page 11)	2,586
Other Students (20) ^K (page 11)	21,011
Total	\$58,285

Jennifer Richard Hassen

Former GSU employee and student Jennifer Richard Hassen received \$2,925 in improper transactions from Ms. Chastity Livingston in addition to the \$22,825 she received from Ms. Robinson (as discussed on page 7) for a total of 25,750. Ms. Hassen said she received a few deposits totaling \$500 for her personal benefit that she knew to be improper from Ms. Robinson. Ms. Hassen was discussed previously on pages 7 through 9 of this report.

Cathy Douglas

Current GSU employee and former student Cathy Douglas improperly received \$1,400 that was posted to GFlex Account. GSU records show that \$1,400 was posted to Ms. Douglas' account twice on the same day. Ms. Douglas said she requested that \$1,400 be transferred to her Tiger1 Card but was unaware that the \$1,400 amount posted to her account twice. GSU records show Ms. Douglas spent the extra \$1,400. Ms. Douglas offered to do what she needs to do to make things right. Ms. Chastity Livingston said she did not intentionally post the \$1,400 transaction twice and that it was most likely a clerical error on her part.

Yvette Robinson

Former GSU Administrative Assistant to the Vice President of Finance and Administration and student Yvette Robinson agreed that Ms. Chastity Livingston's User ID improperly posted \$550 to her account that she was not entitled to receive. Ms. Robinson has offered to pay restitution.^L

La'Keidra Livingston

La'Keidra Livingston, GSU student and Ms. Chastity Livingston's sister, said she agreed with the total amount improperly posted to her account but was not sure how much was posted

^K See also "System Controls Circumvented by Former GSU Cashiers" finding on page 14 for further details on these accounts.

^L Ms. Robinson received a total of \$22,727.99 in improper funds. See also page 6 of this report for amounts posted by Ms. Robinson to her own student account.

by her sister or Ms. Robinson. She further stated she knew she was using funds that she was not entitled to receive and is willing to pay restitution.^M

Tiqua Livingston

Tiqua Livingston, GSU student and another of Ms. Chastity Livingston's sisters, said that she agreed with the total amount improperly posted to her account but was unsure of the amounts posted by her sister Ms. Chastity Livingston or Ms. Robinson. She further stated she knew she was using funds that she was not entitled to receive and is willing to pay restitution.^N

"Comma" Student Account

Ms. Chastity Livingston's cashier ID was used to post 28 transactions to the "comma" student account totaling \$2,586. She said she did not recognize the "comma" student account and has no knowledge of setting up a "comma" account.

Twenty Additional Student Accounts

Ms. Chastity Livingston's cashier number and PIN were used to improperly post \$21,011 to 20 additional student accounts. Ms. Chastity Livingston stated she did not improperly post any funds to the other 20 student accounts.

LaTerral Williams, GSU Cashier

LaTerral Williams was a cashier at GSU and reported to Ms. Chastity Livingston. Mr. William's cashier ID was used to improperly post \$14,584 to six student accounts. We called Mr. Williams but received no answer. We left a voicemail message for him and sent a letter to his home but have not yet received a response. One GSU student received \$10,675 of the \$14,584 improperly posted using Mr. Williams' cashier ID and PIN. GSU records show that the student spent the \$10,675 using her Tiger1 Card. We also called her and left a voicemail message, but she did not return our call.

Deposits Posted by GSU Cashiers to "Comma" Student Account

We discovered a student account in the Blackboard system assigned to customer number "null" and customer name "," (the punctuation mark, comma). The "comma" student account received \$6,235 in deposits and expended the full amount by making 1,500 purchases using a Tiger1 Card from March 11, 2010, to December 17, 2014. From April 10, 2014, until December 10, 2014, the "comma" student account had a zero balance. On December 10, 2014, two deposits totaling \$1,102.50 posted to the GFlex Account. From December 10-17, 2014, the Tiger1 Card associated with this account made 35 purchases or withdrawals totaling \$1,102.50 and has maintained a zero account balance since that time.

^M Ms. La'Keidra Livingston received a total of \$14,269.17 in improper funds. See also pages 6 and 9 of this report for amounts posted by Yvette Robinson to her student account.

^N Ms. Tiqua Livingston received a total of \$12,750 in improper funds. See also pages 6 and 9 of this report for amounts posted by Yvette Robinson to her student account.

We obtained signed sales transaction receipts for some of the purchases made the week of December 10-17, 2014. The receipts apparently were signed by a student that pre-registered for the Spring 2015 semester. Beginning on December 17, 2014, the student's transactions report began to show the actual student's identification number and name, and the "comma" student account became inactive.

GSU employees told us that they contacted the software vendor, and the vendor claimed that an account containing only a comma as an identifier was not possible. Therefore, neither GSU nor the software vendor could explain the origin of the account or explain the account activity. A summary of deposits to the "comma" student account by cashier are as follows:

Total Deposits To The "Comma" Account by Cashier	
Cashier Name	Amount Posted
Chastity Livingston (also included in the table on page 10)	\$2,586
Ashford Perkins	2,349
Yvette Robinson (also included in the table on page 6)	800
LaTerral Williams	300
Blackboard Test (system-generated posts)	200
Totals	\$6,235

Former GSU employees Yvette Robinson, Chastity Livingston, and Ashford Perkins told us they did not recognize the "comma" student account, did not set it up, and did not post deposits to the account. As was discussed on page 11, Mr. Williams did not respond to our attempts to contact him; therefore, we were unable to ask him about the "comma" student account.

Based on GSU records and statements by the cashiers and students, the cashiers who improperly posted deposits to student accounts and the students that benefitted from the improper transactions may have violated state and federal laws.^{1,2,3,4,5,6}

Tiger1 Student Accounts Not Reconciled

The Blackboard software used to maintain Tiger1 Card account balances and GSU's accounting system (Banner) were not reconciled during the five years, seven months of transactions we reviewed.

GSU's accounting system (Banner) has an account for each student where financial aid is accumulated before tuition, housing, meals, and other fees are assessed. Any remaining balance after all GSU fees for the semester have been applied is made available to the student by check or manually posting the remaining balance (up to \$1,500) to a student account (GFlex Account) in the Blackboard software system for use with the Tiger1 Card.

The Blackboard software system is used to establish a student account and track transactions for the Tiger1 Cards used by students. Students can make a deposit to their Tiger1

Card by submitting a signed “GFlex Request” form to both Blackboard and Banner cashiers to transfer funds from Banner to Blackboard for use on their Tiger1 Card.

Each student’s Banner and Blackboard account balance should reconcile; however, we found 76 student accounts at January 31, 2017, where the Blackboard system showed the students’ account activity exceeded the Banner system balance by \$500 or more. This indicates that these students spent at least \$500 more on their Tiger1 Card than they had available to spend in the Banner system. The total difference in both systems for the 76 student accounts is illustrated in the table below:

76 Student Accounts With A >\$500 Difference	
System	Balances at January 31, 2017
Blackboard (GFlex Account/Tiger1 Card)	\$491,822
Banner (accounting software)	288,862
Difference	\$202,960

Of the \$202,960 difference, \$164,442 is attributable to the improper postings by the three cashiers discussed previously. Based on GSU records and interviews of employees:

- \$9,140 appears to be manual posting errors;
- \$2,541 is due to an advance to a student; and
- \$26,837 is attributable to timing differences.

GSU should contact the students that received benefit from the \$9,140 of manual posting errors to further investigate and recover the funds.

Failure to Provide Management Oversight

We discussed the student account discrepancies with GSU’s Vice President of Finance and Administration, Leon Sanders. Mr. Sanders said he was unaware that his staff was not reconciling the student accounts from the two systems, and that it was Ms. Chastity Livingston’s responsibility to perform the reconciliation. He further stated he thought the former associate vice president had performed reconciliations and trained Ms. Chastity Livingston, but never followed up to ensure she was performing them. Moreover, in our conversation with the former associate vice president, he stated that he never performed any reconciliations of student accounts in Blackboard and Banner.

System Controls Circumvented by Former GSU Cashiers

Ms. Robinson, Ms. Chastity Livingston, and a former student worker used cashier numbers and PINs assigned to other employees to post transactions to student accounts.

Employees designated as cashiers are issued a cashier number and a personal identification number (PIN) to provide access to the Blackboard system to enter transactions to student accounts. Unique user identification and passwords are commonly used to restrict access to information systems and to provide accountability for each transaction posted.

According to Ms. Robinson and Ms. Chastity Livingston, they knew each other's cashier numbers and PINs for use in Blackboard and occasionally used each other's cashier numbers and PINs to post transactions to student accounts. Ms. Chastity Livingston also said that she provided her cashier number and PIN to a former student worker to enter transactions to student accounts. By sharing their cashier numbers and PINs, Ms. Robinson, and Ms. Chastity Livingston allowed improper access to the Blackboard system and student accounts.

We identified 20 students' accounts totaling \$21,011 (see table on page 10) where Ms. Chastity Livingston's cashier number was used to improperly post increases to student accounts in the Blackboard system. Ms. Chastity Livingston, Ms. Robinson and the former student worker all denied responsibility for these transactions.

Advances of Financial Aid to Students Using Public Funds

From 2013 to 2017, GSU used public funds to advance funds to students who receive student financial aid up to 88 days before GSU received student financial aid from the federal government and other sources. GSU's practice of advancing public funds this far in advance of financial aid being received could result in the use of financial aid for non-academic purposes and may violate the state constitution.⁷

GSU receives notification of each individual student's grants, scholarship, and loan amounts from the federal and state government and other sources. GSU typically receives the financial aid a few weeks after the semester starts. Prior to receipt of the financial aid on the student's behalf, GSU provides the students up to \$3,000 (after tuition, fees, and housing) in their student account for use with the Tiger1 Card (\$1,500) and to purchase books (\$1,500). GSU records show that the loans to students were provided to the students between 11 and 88 days prior to the receipt of the financial aid for the period 2013 to 2017. The funds are available to spend by the student immediately, in advance of the receipt of their financial assistance. A summary of the dates financial aid was available and received by the students from Summer 2013 through Fall 2017 is displayed in the following table.

Number of Days Financial Aid Was Advanced To Students					
Year	Semester	First Date Funds Were Available to Students	First Day of Class	Financial Aid Received By GSU	Days Funds Available to Students Before Financial Aid is Received
2013	Summer I	05/20/2013	05/21/2013	05/31/2013	11
2013	Summer II	06/27/2013	06/24/2013	07/08/2013	11
2013	Fall	08/12/2013	08/19/2013	09/06/2013	25
2014	Spring	11/06/2013	01/06/2014	01/31/2014	86
2014	Summer I	05/12/2014	05/20/2014	06/06/2014	25
2014	Summer II	06/25/2014	07/17/2014	07/11/2014	16
2014	Fall	08/10/2014	08/18/2014	09/05/2014	26
2015	Spring	11/03/2014	01/07/2015	01/30/2015	88
2015	Summer I	05/11/2015	05/19/2015	06/05/2015	25
2015	Summer II	06/22/2015	06/30/2015	07/10/2015	18
2015	Fall	08/17/2015	08/24/2015	09/11/2015	25
2016	Spring	11/11/2015	01/11/2016	01/29/2016	79
2016	Summer I	05/16/2016	05/24/2016	06/07/2016	22
2016	Summer II	06/20/2016	06/28/2016	07/08/2016	18
2016	Fall	08/14/2016	08/22/2016	09/09/2016	26
2017	Spring	11/17/2016	01/09/2017	01/27/2017	71
2017	Summer I	05/15/2017	05/23/2017	06/05/2017	21
2017	Summer II	06/19/2017	06/27/2017	07/07/2017	18
2017	Fall	08/14/2017	08/21/2017	09/08/2017	25
Total Days					636
Average Number of Days Students Advanced Funds By GSU					33

GSU's practice of loaning public funds to students before the financial aid is received may result in the loss of public funds. For example, students may: (1) not attend GSU and, therefore, no longer qualify for aid; (2) drop classes and lose part or all of their financial aid; and (3) fail to meet grant/scholarship loan requirements due to academic performance from the prior semester.

In one instance, a student pre-registered for the Spring 2015 semester in December 2014 and deposited \$1,000 from his anticipated financial aid into his GFlex Account. The student used the \$1,000 to make purchases at local businesses prior to the start of the Spring 2015 semester. A separate \$1,541 transaction was posted to this student's account as well; however, the Blackboard information system supposedly crashed at some point in 2015, and we were unable to determine the use of the \$1,541. GSU should have received the student's financial aid two months later, on January 30, 2015, which would have covered the advances. Unfortunately, the student was in a car accident and died before the start of the Spring 2015 semester, and GSU never received his financial aid. GSU used \$2,541 of its general fund to pay for the student's

purchases. GSU Vice President of Finance and Administration Leon Sanders stated that GSU immediately advances the funds to students' GFlex Accounts to encourage them to pre-register for school.

The Louisiana Constitution⁷ generally prohibits loans and donations of public funds. In this case, GSU does not receive the financial aid until after classes start and there is a need for students who receive financial aid to get an advance of their financial aid to purchase books and other supplies necessary to start attending classes. However, periods in excess of forty days seems excessive. Moreover, since loans and donations of public funds are usually prohibited by the state constitution, GSU should seek an Attorney General's opinion to determine if these advances to students are permissible. If they are permissible, GSU should consider the optimal time to provide the advances after considering the risks of loss.

ARAMARK Provided Free Meals to Select GSU Employees

ARAMARK provided at least \$12,682 in free meals to select GSU employees from August 29, 2016, through May 5, 2017, which may violate state law.⁸

GSU contracted with ARAMARK in August 2009 to provide campus food services. According to the contract, ARAMARK provides student meals, catering for university events, a scholarship account for catering other university events at the university president's discretion, concessions at sporting events, and other related services. The contract stipulates the prices for students' meals and meal plans and provides for GSU to be paid the greater of \$650,000 or commissions calculated using percentages of gross sales for certain events. The contract also provides that ARAMARK will keep records for a period of three years following the termination or expiration date, in accordance with public records laws.

GSU Vice President of Finance and Administration Leon Sanders and ARAMARK Food Services Director Eddie Rushing both stated that certain GSU employees were provided complimentary meals since the inception of ARAMARK's contract (August 2009). According to Mr. Sanders and Mr. Rushing, Mr. Sanders provides Mr. Rushing with the list of persons or departments who are allowed to receive these meals. Mr. Rushing further stated that, as far as he can tell, it is ARAMARK's practice to provide free meals for certain employees at all universities that have ARAMARK as their food service provider.

We requested ARAMARK's records to determine how many free meals were provided to GSU employees. Based on our review of those records:

- ARAMARK did not retain all of the records it was contractually required to maintain; and
- Select GSU employees received at least \$12,682 in free meals from ARAMARK during this time.

Mr. Sanders said the complimentary meals were provided to ensure ARAMARK's quality control. Mr. Rushing said free meals are a benefit ARAMARK offers to GSU

employees; he compared this to “mystery shoppers” who allow GSU employees to report quality control issues with food or services. Mr. Rushing also said that ARAMARK does not provide the Internal Revenue Service or the employees who received free meals any sort of documentation, such as a 1099-MISC form, to show the value the employee received for being provided free daily meals.

ARAMARK uses a form titled “List for Cash Street Meals” to track the free meals it provides to GSU employees. Each form covers a typical work week, beginning on a Monday and ending on a Friday. The information recorded on the form depends on the ARAMARK employee completing it. For example, one employee may place a check mark in the grid for that person, whereas another puts the actual price that would have been charged had the meal not been free. Mr. Rushing estimated \$7.85 to be the average price of a purchased meal. However, when we looked at the average cost of the meals recorded by the ARAMARK employees, we found that number jumped to \$22.36 per meal for GSU employees. The table below estimates the number and value of free meals provided to GSU employees when a checkmark was used to document the meal, using both Mr. Rushing’s estimated average meal price and the average price we found for GSU employees.

Price Range for Free Meals Provided by ARAMARK for Check Marks			
Department	Check Mark	Valuation at \$7.85	Valuation at \$22.36
President	4	\$31.40	\$89.44
Athletic Director	0	N/A	N/A
Provost	87	682.95	1,945.32
Institution Effectiveness and Enrollment	78	612.30	1,744.08
KGRM FM Radio Office	62	486.70	1,386.32
Finance and Administration	171	1,342.35	3,823.56
Student Affairs	0	N/A	N/A
Totals	402	\$3,155.70	\$8,988.72

For the other times that meals were priced by ARAMARK employees, the departmental employees received values as follows:

Actual Value of Meals Provided by ARAMARK when Priced by ARAMARK Employees	
Department	Actual Price Provided
President	\$33.15
Athletic Director	56.93
Provost	2,401.19
Institution Effectiveness and Enrollment	2,565.31
KGRM FM Radio Office	1,707.18
Finance and Administration	2,599.01
Student Affairs	163.38
Totals	\$9,526.15

The value of free meals provided for select GSU employees range from a low of \$12,682 (or \$9,526 + \$3,156) when meals are valued at \$7.85 to a high of \$18,515 (or \$9,526 + \$8,989) if the calculated average price of \$22.36 is used.

Mr. Sanders stated that GSU's contract allowed ARAMARK to provide GSU employees with complimentary meals but was unable to cite the language that allowed it. Mr. Sanders then provided an editable electronic copy of a 2009 Request for Proposal for food services and claimed the free meals were allowable due to the following language:

Lessee's and Lessor's representatives shall develop a process whereby both parties will monitor all quality practices on a continual basis.

All costs associated with the above items or other quality measures instituted shall be the sole responsibility of the lessee.

Mr. Sanders could not provide any documentation to show that GSU had agreed to the free meals and that the practice was properly authorized.

By receiving free meals from ARAMARK, GSU employees may have violated state law.⁸

Failure to Act on Improper Purchase with False Student Identification Card

Members of GSU's senior administration received a police report alleging theft and improper use of a student's identification card. GSU used public funds to reimburse the student whose money was stolen, but GSU did not pursue restitution, which may violate the state's constitution.⁷

According to a GSU police report dated February 8, 2015, an Xbox was purchased at GSU's Barnes & Noble bookstore by improper means. GSU Police Chief Howard Caviness told us he reported the incident to former GSU President Cynthia Warrick, Special Assistant to the President Eric Eaton, and Vice President of Finance and Administration Leon Sanders, immediately. Chief Caviness further stated that he was advised by President Warrick that her office would handle the incident. Dr. Warrick said she has no recollection of the incident and Mr. Eaton stated he was unsure about specific details since the incident happened more than two years ago. Mr. Sanders said he does not recall sending the incident to the university president, because he typically does not notify the president for smaller issues, which may violate GSU's Employee Code of Conduct policy.⁹ He stated he would have turned the incident over to Judicial Affairs; however, GSU Judicial Affairs Director Inetha Wimberly said there are no records or files for this theft.

⁹ According to GSU's Unclassified Employee Handbook, Chapter IV(B)(1) states, in part, "...bb. Employees shall report to management suspicious, unethical, or illegal conduct by fellow employees, students or suppliers," and: "...ee. Supervisors who fail to report delinquency or misconduct, or fail to take appropriate action (based upon the act), are not only evading their responsibility, but are also acting contrary to the best interests of the University and will be subject to disciplinary action."

According to Chief Caviness, an individual who was not a GSU student was issued a Tiger1 Card by a GSU student worker that used a GSU student's name and student number but had the non-student's picture. The student worker told us that a GSU employee called Chastity Livingston, Tiger1 Card Manager, and requested that she make a replacement card for a student and waive the \$25 replacement fee. She further stated that, at the direction of Ms. Chastity Livingston, she made the replacement ID using the student ID and identification number provided by Ms. Chastity Livingston. She said she did not put funds into the student's account.

In the GSU police report, the non-student recipient of the ID card stated he went to the Tiger1 Card office and was issued a student ID. Later that day, he realized that while the picture on the ID was of him, the name on the ID was not his name. He then checked the balance on the Tiger1 Card at the bookstore and found there was \$1,500. He said he used the card to purchase an Xbox but later felt guilty about having the card and using it to purchase the Xbox. He turned himself into the GSU Police and returned the Xbox to the GSU Police Department. The Xbox is still in the evidence locker at GSU's police department. Chief Caviness said his office tried to return the Xbox to Barnes & Noble to get a refund, but Barnes & Noble refused to take it back because the box had been opened.

According to the records provided by GSU, Mr. Sanders approved a transaction to reimburse the student's GFlex Account for the \$544.98 Xbox purchase. The description is listed as book voucher fraud. Mr. Sanders said that he does not recall pursuing reimbursement from the non-student for the \$544.98, but he approved the \$544.98 transaction in order to make the student's GFlex Account whole.

At Mr. Sanders's direction, GSU used public funds to reimburse the student for the improper transaction. However, GSU did not seek reimbursement from the non-student recipient of the ID card, which may constitute a donation of public funds and violate the state constitution.⁷

Recommendations

We recommend that GSU consult with its legal counsel and the District Attorney for the 3rd Judicial District to determine the appropriate legal actions to be taken, including recovery of improper transfers to student GFlex accounts.

In addition, GSU management should:

- (1) Develop and enforce policies and procedures to address the lack of internal controls over GFlex Accounts including reconciliation of the Banner and Blackboard systems on a regular basis;
- (2) Ensure that employees are properly trained in internal controls for the Banner and Blackboard systems for GFlex Accounts, which should prohibit the person responsible for entering transactions from reconciling GFlex Accounts;
- (3) Require documented management review of the reconciliation of GFlex accounts in the Banner and Blackboard systems;
- (4) Investigate and place holds on students' accounts that received improper GFlex funds;
- (5) Investigate the "Comma" account to determine if further action can be taken for the funds spent in the account and take necessary action, if appropriate;
- (6) Require that cashier ID and PIN be kept confidential, with a periodic requirement to change the PIN to avoid circumventing system controls;
- (7) Seek an Attorney General opinion to determine if advances of Federal aid to students are permissible. If permissible, determine the optimal time to provide the advances after considering the risks of loss;
- (8) Seek guidance from the Internal Revenue Service (IRS) for the appropriate tax treatment for the meals provided to GSU employees and ensure their vendor (ARAMARK) follows IRS guidance;
- (9) Require GSU vendors to adhere to GSU's approved record retention policy; and
- (10) Seek legal guidance to determine the appropriate legal actions to be taken, including restitution for the improper purchase of the Xbox made with a false student identification card.

LEGAL PROVISIONS

- ¹ **Louisiana Revised Statute (La. R.S.) 14:67(A)** provides, in part, “Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.”
- ² **La. R.S. 14:134(A)** states, “Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner; or (3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner.”
- ³ **La. R.S. 42:1461(A)** states, “Officials, whether elected or appointed and whether compensated or not, and employees of any ‘public entity’, which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.”
- ⁴ **La. R.S. 14:73.5(A)** states, “Computer fraud is the accessing or causing to be accessed of any computer, computer system, computer network, or any part thereof with the intent to: (1) Defraud; or (2) Obtain money, property, or services by means of false or fraudulent conduct, practices, or representations, or through the fraudulent alteration, deletion, or insertion of programs or data.”
- ⁵ **United States Code (U.S.C.) 18 §666, “Theft or bribery concerning programs receiving Federal fund”** provides, in part, “... (a)(1)...an agent of an organization, or of a State, local, or Indian tribal government or any agency thereof – (A) embezzles, steals, obtains by fraud, or otherwise without authority knowingly converts to the use of any person other than the rightful owner or intentionally misapplies property that is valued at \$5,000 or more... (b)...the organization, government, or agency receives in any one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of federal assistance.”
- ⁶ **U.S.C. 18 §1343 “Fraud by wire, radio or television”** provides, in part, “whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years, or both.”
- ⁷ **Louisiana Constitution Article 7, §14** states, in part, “Donation, Loan, or Pledge of Public Credit Section 14.(A) Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”
- ⁸ **La. R.S. 42:1115(A)** states, in part, “No public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public servant knows or reasonably should know that such person: (1) Has or is seeking to obtain contractual or other business or financial relationships with the public servant's agency,”

APPENDIX A

Management's Response



Office of the President

October 20, 2017

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

Grambling State University is committed to proactively identifying areas of improvement, taking the necessary actions to implement corrections, and monitoring progress. The university's focus on enhancing internal controls has resulted in notable changes to our organizational structure, policies, and processes. Our response to an internal investigation uncovered a pattern of financial policy violations. Pursuant to Act 1101, we notified the District Attorney and Louisiana Legislative Auditor of the violations. The four employees identified in the report were terminated and administrative leadership changes have been implemented. We appreciate the diligence of the legislative investigative audit staff and the recommendations presented. Their work in collaboration with our team produced substantive feedback, which we have successfully implemented. Outlined below are responses to the recommendations.

Recommendation (1) Develop and enforce policies and procedures to address the lack of internal controls over GFlex Accounts including reconciliation of the Banner and Blackboard systems on a regular basis;

Management Response: The manual nature and human element of a cashier having the ability to allocate funds has been eliminated from the GFlex process. As of May 2017, the student directly manages the process by requesting funds to be deposited to their GFlex account from their Banner Web account. An electronic script has been created that transfers requested funds from Banner Web accounts to GFlex accounts. A daily reconciliation is performed between the Blackboard and Banner systems to review transactions and identify any errors.

GFlex request limits have been set to allow students to purchase necessary books and supplies. Limits are being enforced each semester. The General Ledger Account Reconciliation Policy has been reviewed and shared with the Division of Finance and Administration to reinforce understanding and adherence.

Recommendation (2) Ensure that employees are properly trained in internal controls for the Banner and Blackboard systems for GFlex Accounts, which should prohibit the person responsible for entering transactions from reconciling GFlex Accounts;

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Management Response: A taskforce was identified to restructure the Tiger One Card Office. A new leader for business services has been hired with a financial management background and relevant experience. Additional management oversight has been instituted with the hiring of an Associate Vice-President for Finance. The Blackboard team conducted an on-site training May 9-11, 2017 to ensure all employees were properly trained. Internal system controls have been set to prevent the Tiger One Card Manager from entering G-flex transactions. All finance managers attended a two-day workshop on process improvement September 13-14, 2017.

Recommendation (3) Require documented management review of the reconciliation of GFlex accounts in the Banner and Blackboard systems;

Management Response: Pursuant to the General Ledger Account Reconciliation Policy, the Controller and Assistant Controllers, will review and analyze the detail of all accounts. The reconciliation of GFlex accounts in the Banner and Blackboard systems are a part of this review.

Recommendation (4) Investigate and place holds on students' accounts that received improper GFlex funds;

Management Response: Holds have been placed on all students' accounts that received improper GFlex funds.

Recommendation (5) Investigate the "Comma" Account to determine if further action can be taken for the funds spent in the account and take necessary action if appropriate;

Management Response: After a thorough review, investigations conducted by our internal teams, software provider Blackboard, and the legislative audit staff, we have determined that no further actions can be performed that would yield results.

Recommendation (6) Require that cashier and PIN be kept confidential with a periodic requirement to change the PIN to avoid circumventing system controls;

Management Response: Only the Business Services Coordinator has cashier access in the Tiger One Card Office. This cashier access is limited to view-only and does not include the ability to post transactions and initiate deposits.

Recommendation (7) Seek an Attorney General opinion to determine if advances of Federal aid to students are permissible. If permissible, determine the optimal time to provide the advances after considering the risks of loss;

Management Response: This recommendation was forwarded to legal counsel for appropriate action and further review. In accordance with Federal Notice 34 CFR 668.165 (a) Disbursing Federal Student Aid, special provisions are allowed for books supplies. "In order to academically succeed in a program, a student must be able to purchase books and supplies at the beginning of the academic period." Our practice of allowing students to purchase books and supplies via their GFlex accounts is consistent with this provision and peer institutions. We have shortened the advance date for which funds are available to students to not exceed 14 days and all students sign a financial responsibility statement.

Recommendation (8) Seek guidance from the IRS for the appropriate tax treatment for the meals provided to GSU employees and ensure their vendor (ARAMARK.) follows IRS guidance; and

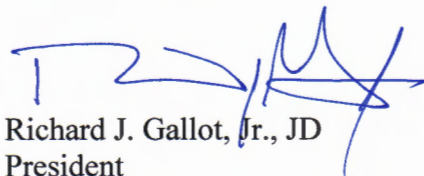
Management Response: Legal counsel has reviewed the matter and no issues with IRS guidance were identified. The practice outlined in the report has been discontinued effective October 10, 2017.

Recommendation (9) Seek legal guidance to determine the appropriate legal actions to be taken, including restitution for the improper purchase of the Xbox made with a false student identification card.

Management Response: The matter has been referred to legal counsel for appropriate action and pursuit of restitution.

Again, thank you and the legislative audit staff for your continued commitment and support.

Sincerely,



Richard J. Gallot, Jr., JD
President

APPENDIX B

Leon Sanders's Response

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9357

Dear Mr. Purpera,

I would like to provide the following response to the finding of failure to provide management oversight:

Mr. Ante Briten, the former associate Vice President for Finance and Administration, in a telephone interview with Legislative Auditor Mrs. Whitehead indicated that it was his responsibility to do the reconciliation of the Tiger 1 Student Account System and that prior to his departure in 2014 he trained Ms. Chastity Livingston to assume those responsibilities.

Sincerely,

A handwritten signature in cursive script that reads "Leon Sanders". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Leon Sanders