

GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED DECEMBER 4, 2013

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

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DARYL G. PURPERA, CPA, CFE

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 19, 2013

**GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Grambling, Louisiana

As required by Louisiana Revised Statute 24:513 and as a part of our audit of the University of Louisiana System's (System) financial statements and the Single Audit of the State of Louisiana for the fiscal year ended June 30, 2013, we conducted certain procedures at Grambling State University (university) for the period from July 1, 2012, through June 30, 2013.

- Our auditors obtained and documented an understanding of the university's operations and system of internal controls, including controls over the major federal award programs administered by the university, through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the university.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using the university's annual fiscal reports and/or system-generated reports and obtained explanations from management for any significant variances. We also analyzed the university's revenues, expenses, enrollment, and completers over the last four years.
- Our auditors reviewed the status of the findings identified in the prior year Single Audit Report issued on January 28, 2013, by an independent Certified Public Accountant. The finding relating to Federal Work-Study was resolved, but the finding relating to Return of Title IV Funds is repeated, in part, in our management letter.
- Our auditors considered internal control over financial reporting and examined evidence supporting the university's account balances and classes of transactions material to the System's financial statements as follows:

Statement of Net Position - Investments, due from state treasury, capital assets, deferred revenues, bonds payable, and net position

Statement of Revenues, Expenses, and Changes in Net Position - Student tuition and fees, auxiliary enterprise revenues, other operating revenues, state appropriations, federal nonoperating revenues, education and general expenses, and auxiliary enterprise expenses

We also tested the university's compliance with laws and regulations that could have a direct and material effect on the System's financial statements, as part of our audit of the System's Annual Financial Report for the fiscal year ended June 30, 2013, in accordance with *Government Auditing Standards*.

- Our auditors performed internal control and compliance testing in accordance with *Government Auditing Standards* and Office of Management and Budget Circular A-133 on the federal Student Financial Aid Cluster for the fiscal year ended June 30, 2013, as part of the Single Audit of the State of Louisiana.

The Annual Fiscal Report of the university was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The university's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, we have included one significant finding. This finding will also be included in the State of Louisiana's Single Audit Report for the year ended June 30 2013.

Return of Title IV Funds

The university did not return \$14,992 of federal Title IV funds to the U.S. Department of Education within the timeframes allowed by the Title IV programs. As a result, the university did not comply with federal regulations and may be subject to sanctions, up to and including termination of program participation.

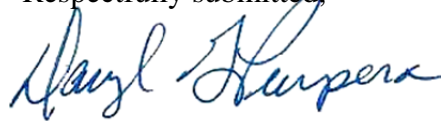
A test of 49 students who withdrew from the university revealed that the university did not determine the unofficial withdrawal dates for 43 students within the required 30 days. The university did not return the related federal funds for eight of these students within 45 days of determining the withdrawal dates, as required by federal regulations. These exceptions occurred because the university did not have a uniform process to verify the last dates of attendance. Also, the university does not have a policy requiring faculty to provide timely attendance information for students who have unofficially withdrawn from the university.

Management should evaluate the coordination between its accounting and provost personnel to better streamline the refund process. Management should also establish specific procedures requiring faculty to update attendance records in the Banner information system for all students receiving non-passing grades before final grades will post. Going forward, management should perform periodic checks to determine whether refund procedures continue to operate effectively. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the university. The nature of the recommendations, their implementation costs, and their potential impact on the operations of the university should be considered in reaching decisions on courses of action. The finding above relates to the university's compliance with applicable laws and regulations and should be addressed immediately by management.

The purpose of this letter is solely to describe the scope of our work at the university and not to provide an opinion on the effectiveness of the university's internal control over financial reporting or on compliance. Accordingly, this letter is not intended to be and should not be used for any other purpose. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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APPENDIX A

Management's Corrective Action Plan and Response to the Finding and Recommendation



Office of the President

November 7, 2013

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

Dear Mr. Purpera:

RE: Late Return of Title IV Refunds

Grambling State University concurs that federal Title IV funds were not returned to the U.S. Department of Education within the required timeframes. The following will address this matter:

- Currently, Grambling State University faculty are required to enter the last date of attendance into the Banner System when a non-passing final grade is recorded. Prior to the end of the Fall 2013 semester, an additional step will be added to this process that will require faculty to verify the date they enter into Banner.
- A unique timeline will be developed for the current and future semesters to ensure that dates of withdrawal will be determined within 30 days after the period of enrollment. Program funds will be returned within 45 days of the determination of the date of withdrawal.
- Management has established a committee of academic, finance, registrar and student financial aid staff to coordinate the administration of federal Title IV funds, to include streamlining the refund process and to perform periodic checks to ensure the continued effective operation of the refund process.

Mr. Raymond Abraham, Controller, is responsible for oversight of the corrective action plan noted above.

If you have questions, please call me or my primary point of contact, Mr. Leon Sanders, Vice President for Finance and Administration, at 318-274-6406

Sincerely,

Frank G. Pogue, Ph.D.
President