

GRAMBLING STATE UNIVERSITY

UNIVERSITY OF LOUISIANA SYSTEM

FINANCIAL AUDIT SERVICES

Management Letter
Issued March 20, 2024

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

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MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Grambling State University



March 2024

Audit Control # 80230024

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, 2023, we performed procedures at Grambling State University (GSU) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of GSU's internal controls over financial reporting and compliance; and determine whether GSU complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2021 through June 30, 2022.

We also determined whether management has taken actions to correct the findings reported in the prior engagement.

Results of Our Procedures

Follow-up on Prior-engagement Findings

Our auditors reviewed the status of the prior-engagement findings reported in the GSU management letter dated June 8, 2022. We determined that management has resolved the prior-engagement finding related to Noncompliance with Borrower Data and Reconciliation Requirements. The prior-engagement findings related to Inappropriate Banner System Access, Inadequate Controls and Noncompliance over Return of Title IV Funds, and Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security have not been fully resolved and are addressed again in this letter.

Current-year Findings

Inappropriate Banner System Access

For the second consecutive engagement, GSU granted employees inappropriate access to Banner System modules, increasing the risk of errors or fraud. Our procedures disclosed the following:

- Three of six employees with access to edit employee pay rates in the human resource module also have the ability to process payroll, resulting in a segregation of duties issue. The remaining three employees have the ability to edit employee pay rates even though it is not necessary for the performance of their assigned job duties.
- Six employees have the ability to process payroll, even though it is not within their assigned job duties nor do they serve as the back up to perform this duty.
- The associate controller also has access to the entire procurement process, which allows her to create and approve purchase orders, create invoices, receive goods, create and edit vendor data, and pay invoices in the finance module.
- The IT employee responsible for administering security access granted herself the ability to create new employees in the system, which increases the risk that unauthorized changes could be made without detection. The employee's access to this process was removed when it was brought to management's attention.
- One employee has two Banner accounts; however, only one is linked to a Banner ID.

Good internal control requires GSU to monitor and restrict access to those functions necessary for employees' job duties, prevent access allowing for incompatible duties, and ensure that no employee has the ability to make unauthorized changes to system data.

Management should strengthen its policies and procedures to ensure employee access is appropriate and monitored. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Inadequate Controls and Noncompliance over Return of Title IV Funds

For the third consecutive year, GSU did not have adequate controls in place to ensure the return of Title IV funds was accurately calculated and returned to the U.S. Department of Education (USDOE) as required by federal regulations.

In a sample of 40 students from a population of 251 students who were evaluated for return of Title IV funds, eight (20%) students had an incorrect withdrawal date used in the calculation of return of Title IV funds, resulting in \$2,720 of Federal Direct Student Loan (AL 84.268) funds; \$1,263 of Federal Pell Grant Program (AL 84.063) funds; and \$960 of Federal Supplemental Educational Opportunity Grants (AL 84.007) funds being owed back to USDOE and the students' accounts were not adjusted.

GSU did not have adequate procedures in place to ensure faculty entered the correct last date of attendance into the Banner System. Failure to accurately perform return of funds calculations and remit the proper funds to USDOE results in noncompliance with federal regulations and can result in improper billings to students and/or a loss of funds by GSU.

Management should strengthen controls to ensure that all return of funds calculations are performed accurately and in compliance with federal regulations. Management should also identify students with an incorrect withdrawal date, recalculate the return of Title IV amounts, adjust the student account, and return required funds to the USDOE. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

Noncompliance with Gramm-Leach Bliley Act Regarding Student Information Security

For the third consecutive year, GSU was not in compliance with all of the requirements of the Gramm-Leach-Bliley Act (GLBA) for safeguarding student information. Postsecondary institutions and third-party servicers must protect student financial aid information provided to them or obtained as part of the administration of the Federal Student Financial Aid Programs (Title IV Programs). Each institution that participates in Title IV programs has agreed in its Program Participation Agreement to comply with GLBA Safeguards Rule under Title 16 U.S. Code of Federal Regulations Part 314.

In order to have an information security program, as required by GLBA, a formal risk assessment must be performed. GSU contracted with an outside firm to have a formal risk assessment performed on the GLBA components; however, the report was not issued until July 2023, and therefore, GSU was unable to design and implement safeguards to address the risks identified. Noncompliance with GLBA requirements may result in an increased risk of unauthorized disclosure, misuse, alteration, destruction or other compromise of student information.

Management should design and implement safeguards to control the risks identified in regards to student information. Furthermore, GSU should regularly test and monitor the effectiveness of the key controls, systems, and procedures put in place to safeguard student information. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 3).

Weakness in Controls over Information Technology

In March 2022, a cybersecurity event occurred at GSU. The university did not have adequate controls over certain information technology functions and cyber-related response documentation. Due to their sensitive nature, we have communicated the specific weaknesses confidentially to GSU. A lack of adequate controls over information technology increases the risk of insecure applications and devices. Inadequate response documentation may also preclude GSU from supporting that a potentially adverse event was negligible or isolated and did not cause error or fraud in financial reporting.

We evaluated GSU information technology controls over financial reporting based on best practices, as defined by *Control Objectives for Information and Related Technology*, a framework by the Information Systems Audit and Control Association as well as guidance provided by the National Institute of Standards and Technology (NIST).

GSU should improve its security controls and incident response documentation procedures. These procedures should clearly address retention of appropriate records and documentation, define responsibilities of outside parties, and delineate any business and legal-related components of incident response. Additionally, GSU should require all outside parties involved in incident response to document their activities in detail according to NIST guidance and obtain these records as evidence of successful incident response and remediation. Management did not concur with the finding asserting that existing technology controls, policies and procedures identified necessary upgrades; GSU utilized all available resources to immediately isolate a potentially adverse event; followed all existing guidelines to minimize risks to avoid errors or fraud in reporting; and that the recommendation for GSU to require outside parties to document its response activities during an emergency or adverse event is an unreasonable burden (see Appendix A, pages 4-5).

Additional Comments:

GSU's lack of documentation of the event failed to support that the existing controls, policies, and procedures were sufficient to address the event's risk to financial reporting. In addition, the recommended requirement for third parties that perform security functions on GSU's behalf to provide appropriate documentation of their activities is both reasonable and essential for proper incident response. The ultimate responsibility for providing assurance of data integrity and for recording details during and following an adverse event belongs to GSU.

Financial Statements – University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2023, we considered GSU'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, Due from State Treasury, and Capital Assets

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, Net Auxiliary, State Appropriations, and Federal Nonoperating

Expenses – Educational and General, and Auxiliary Enterprise

Based on the results of these procedures on the financial statements, we reported findings related to Inappropriate Banner System Access and Weakness in Controls over Information Technology, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2023, we performed certain procedures 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 information submitted by GSU 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 and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

Based on the results of these Single Audit procedures, we reported findings related to Inadequate Controls and Noncompliance over Return of Title IV Funds and Noncompliance with Gramm-Leach Bliley Act Regarding Student Information Security. In addition, GSU's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Other Procedures

In addition to the System and Single Audit procedures noted above, we performed other limited procedures on capital assets, payroll expenses, and nonpayroll expenses.

Based on the results of these procedures, we did not report any findings.

Trend Analysis

We compared the most current and prior-year financial activity using GSU's Annual Fiscal Reports and/or system-generated reports and obtained explanations from GSU's management for any significant variances.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of GSU. The nature of the recommendations, their implementation costs, and their potential impact on the operations of GSU should be considered in reaching decisions on courses of action. The findings related to GSU's compliance with applicable laws and regulations 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,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

KVL:NM:RR:BQD:aa

GSU2023

APPENDIX A: MANAGEMENT'S RESPONSES



DIVISION OF FINANCE

October 2, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Official Response – Inappropriate Banner System Access

Dear Mr. Waguespack:

Grambling State University (GSU) is committed to proactively identifying areas of improvement and taking the necessary actions to implement corrections.

We concur with the finding. GSU has reviewed each of the key people's access concerns and will have them corrected by October 31, 2023. In addition, the Finance and IT departments will be working together to revise the quarterly report to permit more efficient and effective ways to ensure appropriate accesses to all staff. We believe this will be a monumental task and may take us in excess of a year to complete.

We appreciate our great working relationship with you and your colleagues at LLA and look forward to continued professional courtesies as we strive for excellence.

Sincerely,

Edwin Litolff, Ph.D.
Vice President for Finance

c: Richard J. "Rick" Gallot, Jr., JD, President
Jay J. Ellis, CISM, Chief Information Officer
Raymond Abraham, CPA, Controller



DIVISION OF FINANCE

September 27, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Official Response – Inadequate Control and Noncompliance over Return of Title IV Funds

Dear Mr. Waguespack:

Grambling State University (GSU) is committed to proactively identifying areas of improvement and taking the necessary actions to implement corrections.

We concur with the finding. GSU has implemented faculty training throughout the semester to ensure that faculty members are aware of how to notate the last date of attendance for each course. Also, there are reports available in Canvas to help achieve quality control.

We appreciate our great working relationship with you and your colleagues at LLA and look forward to continued professional courtesies as we strive for excellence.

Sincerely,

Edwin Litolff, Ph.D.
Vice President for Finance

c: Richard J. Gallot, Jr., President
Gavin Hamms, Ph.D., AVP for Enrollment Management
Raymond Abraham, CPA, Controller

A.2



September 15, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 4397
Baton Rouge, Louisiana 70804-9397

Re: Official Response – Noncompliance with Gramm-Leach Bliley Act Student Information Security Requirements

Dear Mr. Waguespack:

Grambling State University, (GSU) is committed to proactively identifying areas of improvement and taking the necessary actions to implement corrections.

We concur with the finding. GSU implemented a Written Information Security Program and engaged a third-party to conduct an assessment which was completed before July 1, 2023. Oversight of recommended actions in the report will be managed by the Chief Information Officer, Jay Ellis for completion by May 1, 2024.

We appreciate our great working relationship with you and your colleagues at LLA and look forward to continued professional courtesies as we strive for excellence.

Sincerely,

Penya M. Moses, JD., LL.M.
Chief Operating Officer

cc: Richard J. Gallot, Jr., President
Edwin Litolff, Ph.D., Vice President of Finance
Jay Ellis, CIO
Raymond Abraham, Controller

P. O. Drawer 607 • 403 Main • Grambling, LA 71245 • Office: 318.274.6117 • FAX: 318.274.6172

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February 28, 2024

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 4397
Baton Rouge, Louisiana 70804-9397

RE: Official Response – Weaknesses in Control Over Information Technology

Dear Mr. Waguespack:

Grambling State University, (GSU) does not concur with the finding. GSU's reason(s) for not concurring are addressed in its response for each component of the recommendation that was associated with the finding.

Recommendation: The University should improve its security controls and incident response documentation procedures.

GSU is committed to proactively identifying areas of improvement and taking the necessary actions to implement corrections as identified. Specifically, it was GSU's existing technology controls, policies and procedures that identified necessary upgrades. GSU utilized all available resources to immediately isolate a potentially adverse event in April 2022. GSU followed all existing guidelines to minimize risks to avoid errors or fraud in reporting. GSU continuously monitors, evaluates, and improves its security controls periodically and has made substantial changes since 2022.

Recommendation: These procedures should clearly address retention of appropriate records and documentation, define responsibilities of outside parties, and delineate any business and legal-related components of incident response. Additionally, the University should require all outside parties involved in incident response to document their activities in detail according to NIST guidance and obtain these records as evidence of successful incident response and remediation.

GSU executed a WebEOC ticket through GOHSEP and requested ESF-17 assistance to assist in investigating a possible adverse event in 2022. The State of Louisiana, through its coordinated strike response team commonly known as ESF-17, provided technical assistance. This team consists of Louisiana State Police Cyber Crimes Unit, The Louisiana National Guard and other federal law enforcement partners; thus, limiting GSU's authority. The response by this team ensures threats, if any, are mitigated, and data protected. GSU does not control how response services are provided and/or what services may be reasonably necessary to cope with the incident, including but not limited to, transferring, or directing the personnel of other agencies that may be assisting in accordance with local, state and federal laws as deemed applicable.

Mr. Michael Waguespack, CPA

February 28, 2024

Page 2

It is an unreasonable burden to require GSU to dictate outside parties during an emergency or adverse event. Due to the need to protect information related to IT security measures utilized and put in place, it is likely that there will be limitations on written documents made available by outside parties which is beyond GSU's scope and authority. Each response will address specific related facts pertaining to that incident. Different measures or levels of response may be needed due to sensitive information, confidentiality and/or ongoing investigations to protect against threats and will be handled based on the incident. Should a future event occur, GSU will document internally, the involvement of outside parties in accordance with law.

We appreciate our great working relationship with you and your colleagues at the Office of the Louisiana Legislative Auditor and we look forward to our continued professional courtesies as we strive for excellence.

Sincerely,



Penya M. Moses, JD., LL.M.

Chief Operating Officer

cc: Connie Walton, Ph.D., Interim President
Edwin Litolff, Ph.D., Vice President of Finance
Jay Ellis, CIO
Raymond Abraham, Controller

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Grambling State University (GSU) for the period from July 1, 2022, through June 30, 2023, 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, are 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, 2023.

- We evaluated GSU'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 GSU.
- Based on the documentation of GSU'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 certain procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2023, as a part of the 2023 Single Audit.
- We compared the most current and prior-year financial activity using GSU's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from GSU's management for significant variances.

In addition, we performed certain other procedures for the period from July 1, 2021, through June 30, 2022. Our objective was to evaluate certain controls GSU 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.

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